

FINANCIAL TIMES

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BUSINESS Sterling firm; Wall St. gains 12

EQUITIES were marked down in late trading on the May trade figures. The FT-30 share

index fell 0.6 to 378.1, although secondary issues fared better. The FT-Average All-Share index rose 1 per cent to 157.84.

GILTS sustained losses ranging to 1. The Government Securities index fell 0.30 to 62.30.

STERLING gained 15 points to \$1.726; its weighted depreciation improved to 321.39.2 per cent. The dollar's widened to 1.40 (1.35) per cent.

GOLD gained \$1 to \$125.5.

WALL STREET closed 12.44 up, at 991.24 in the heaviest trading for nearly a month.

RETAIL SALES have dropped back to the depressed level in the second half of 1975, after a temporary respite due to Budget reductions in VAT. Page 5

Olympic team Britain has chosen its numerically smallest Olympic team for 20 years, with options still open for Stewart or Bernie Ford to join Foster and Simmonds in the 10,000 metres. Page 2

Lollypop-sues TV's lollypop-pushing detective Kojak, actor Telly Savalas, sued the Daily Mail in the High Court, London, yesterday for libel, saying his reputation as an actor had been damaged in an article describing alleged nights out with prostitutes and girls in Berlin. The Mail denies the article was libellous.

Expenses claims Ten summenesses connected with allegations about expenses were served yesterday on Mr. Clifford Harrington, deputy leader of the Greater London Council. Page 8

Pollen up Pollen counts taken in London show, in the first week of the "official" season have been well up on recent years. Yesterday's count was 154.

People and Places Ted Londonderry, grandfather, aged 72, used two guns in an unsuccessful effort to beat off four bungled house raiders who stole the guns and some money.

Local British Atlantic yachtsman David Sandeman, 17, contacted his Jersey parents on failing radio batteries via a passing Jumbo jet after a week's silence. No further action is to be taken on the Wilson retirement honours leak. Mr. Callaghan told Parliament.

Vandals who damaged the wicket failed to stop the Hampshire at Farnham from winning the National Trophy for the Scottish National Park may be waiting, a Glasgow Herald poll shows. Page 27

British radio Ted Tricky helped police find a rare life-saving drug which was bound to a Barcelona girl with a brain disorder.

The Tories failed to force an emergency Commons debate on the Education Minister's order for Tameside to go comprehensive. Back page

Taxi drivers protesting against the shooting of a colleague in Belfast yesterday, parked their vehicles across a main junction out of the city centre, disrupting rush-hour commuters. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

	Prop. & Rev. £2	162 + 5
RISKS	Recd Executive	45 + 3
APV	TCS	314 + 24
Alpha Soft Drinks	Utd. Biscuits	131 + 4
Argus Securities	Utd. Optical	121 + 4
Assoc. British Foods	Westminster Country	15 + 24
Baker Perkins	Weyburn Eng.	300 + 20
Brent Petroleum	Westland Transport	444 + 4
Brook St. Biscuit	Coss. Murchison	900 + 20
Devonport Seas.	Falcon	115 + 10
English (L)	Northgate Ex.	360 + 20
Gill and Davies	Pacific Copper	120 + 15
Heath (C.E.)	Palabora	850 + 20
H.K. & Shanghai	Persolion	260 + 8
Jardine Matheson	Westfield Minerals	177 + 7
Legal and General		119 + 6
Lev Group	Treas. Stpo 1981	2912 -
Maurice and Garton	Treas. 1985	2911 -
Metropole Industries	English China Clay	SI -
Milford Docks	MSPC	64 -
Phillips Lamp.	Anglo American	310 - 10

Visible trade gap widens £79m. as imports rise

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The visible trade deficit increased by £79m. to £342m. during May—the highest figure since last August—after a further sharp increase in the volume of imports.

The figures disappointed the foreign exchange market but the reaction was fairly calm; after rising sharply earlier in the day, the pound fell by more than half a cent from its peak on the news but still ended 15 points better on the day at £1.7720.

Business was described as quiet and dealers said they believed any intervention by the authorities had probably been on a small scale though there may have been some action in the forward market. The weighted depreciation narrowed by 0.1 to 29.1 per cent compared with Friday's close.

The fall in sterling accounted for about a third of the increase in the visible deficit between April and May, but the main influence was a big rise in the volume of imports—up by 4.4 per cent during the month compared with a 1.4 per cent increase in exports.

The authorities are not trying to put the blame on any "special" factors this month—but movements in shipping and diamonds largely balancing each other out—and admit that the figures do appear disappointing after the visible gap of only £20m. in March, which were officially acknowledged to be a freak at the time.

After allowing for a £130m. surplus on invisible trade the current account deficit in May was £212m. At £228m. on average in the last three months and a total of £405m. in the first five

months of the year this is terms, thus taking in profits earlier.

Consequently, while the forecast for an outcome for 1976 import unit value index rose by 3 per cent in May, that for export was not far behind with a 2.1 per cent rise and over the past three months as a whole, there has been only a half point fall in the terms of trade index [the ratio of export prices to import prices].

The increase in the visible deficit over the past two months is explained far more by the rise in volume of imports associated with the upturn in the economy and the end of destocking. In particular, imports of basic materials for industry have risen by 7.1 per cent in volume in the March-to-May period compared with the previous three months.

However, it is recognised that the stronger-than-expected rise in export volume—up by 5 per cent in the last three months compared with the previous quarter and a 31 per cent increase in import volume—could mean a smaller deficit than projected in the Budget. As Mr. Denis Healey suggested last week in his statement on standards of living.

The authorities still are extremely reluctant to commit themselves to any precise forecast of the possible improvement this year partly because of the uneven way in which the fall in sterling is working through to the trade figures. Unlike previous devaluations, exporters appear to be holding their prices much firmer in foreign currency

On the oil account, imports of crude oil in tonnage terms have slipped back by 2.5 per cent in the last three months although this has been more than offset by a 35 per cent rise in the average price per ton. On the other side, exports have been rising sharply so that the oil deficit narrowed by £40m. to £248m. between December to February and March to May.

Continued on Back Page

BIS urges U.K. to set precise monetary targets

BY RUPERT CORNWELL

A SUSTAINED increase in investment at the expense of consumption, reduced public spending deficits and a tight grip on monetary growth are three essential pre-conditions for any lasting economic recovery in the West.

This is the main conclusion of the annual report of the Bank of International Settlements here, which contains a thinly-wedged set of recommendations for the U.K. It makes clear that the recent \$3.5bn. central bank standby credits cannot be a panacea for the country's problems.

The BIS sees its voice to the chorus of suggestions that the U.K. Government should announce a precise target for monetary expansion as a sign of its determination to regulate control of the economy.

This, however, will not work unless the authorities can achieve a big cut in the public sector's borrowing requirement. If not, private spending might just be crowded out" by the public sector either via credit ceilings or by soaring interest rates.

In a paragraph aimed explicitly at Britain, the report says that simply raising taxes is not the solution. "In many cases fundamental difficulties facing international liquidity, rather than taxation, are swept under the rug by the completely to usurp their role.

efficiency, which is another way of saying that the sheer size of the public sector is a problem.

Budget restraints therefore must be to reduce inflation as the only means of stimulating capital spending that will generate employment and growth.

An incomes policy tailored to helping industry rebuild its profits is also a necessary ingredient in any rounded. The report admits that such devices have not

been a thing of the past. But unemployment remained historically high and prices in many nations were starting to rise substantially once more.

Floating, managed or otherwise, has only deepened the split of the West into two camps of strong and weak. The former, essentially Germany, Switzerland and the U.S., had followed the right domestic policies.

This need for discipline, the latter—above all Italy and the U.K.—were suffering from a deep-rooted public sector deficit, while inflation and a falling exchange rate had become a vicious circle.

Dr. Zijlstra warned of the need to keep a close eye on commercial bank lending to finance the payments deficit of Third World countries, where a default could

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Mr. Dell was replying to the Commons on June 7 to Mr. Edward Taylor, Conservative MP for Cathcart, who asked:

"Is it true that there has been pressure from other Ministers that this report should not be published, and isn't it unfair to the Lonrho company, after all the allegations have been made against them . . . not to have the report published at all?"

Mr. Dell replied: "What is going on is that I am considering the report and whether it should be published."

The inspectors have not suggested that there has been

any misapplication of company funds, nor are there any suggestions of bribery."

A copy of the report is understood to have been made available in confidence to Lonrho's lawyers.

"It says: 'Rumours have been circulating that it contains embarrassing references to African politicians in connection with the company's trading or otherwise.'

"At the Department of Trade's request, I cannot tell you what the report does contain. However, I feel obliged to make it clear that it contains no embarrassing references to African politicians in connection with the company's trading or otherwise."

Mr. Dell's statement last night said: "On my return to

Fall in pound pushes costs up

BY MICHAEL BLANDEN

THE FALL in the value of the pound made a substantial impact on industrial costs last month for the third month running.

The price of materials bought

from manufacturing industry

apart from food, drink and tobacco, rose by nearly 2 per cent in May, with the index up from 305.1 to 312.2 (1970=100).

This followed jumps of about

5 per cent in each of the previous two months.

Over the past three months the statisticians calculate, this index has seen an increase of 13 per cent.

The greater part of this has

been the result of the drop in

WHOLESALE PRICES (1970=100)

Output
Material
(home sales)
and
fuels

	Editorial Comment and Cautious Optimism over Exports Page 20 Table Page 8	Output Material (home sales) and fuels
1974 4th	164.9	222.1
1975 1st	176.0	220.9
2nd	186.3	225.6
3rd	193.4	239.2
4th	199.1	256.0
1976 1st	206.9	266.1
1975 Oct.	197.0	252.2
Nov.	198.9	256.7
Dec.	201.5	259.0
1976 Jan.	204.8	261.0
Feb.	207.3	263.2
Mar.	208.6	273.8*
April	211.4*	285.1*
May	214.6*	290.7*

* Provisional. † Revised.

Source: Department of Industry.

sterling and the corresponding increase in the cost of imported raw materials. The lower rate of inflation published earlier this year was to be expected.

funds for the NEB were to be limited to a total of £1bn. over

five years, broken down on a

yearly basis.

in contrast, the level of out-

put prices—the cost of goods

leaving the factory gate—con-

New commodity debate line-up

BY C. GORDON TETHER

"IF THE political opportunity at Nairobi is not把握ed," said Mr. Gordon Tether, UNCTAD's Secretary-General, speaking shortly before the opening of its recent fourth conference, "then we will inevitably have a world of increasing tension, confrontation and turmoil."

With the meeting now behind us, it should presumably be possible to say whether that opportunity has or has not been seized—which, in turn, should indicate whether the world is destined to be afflicted by the additional unanticipatednesses Mr. Corea spoke of, or will be travelling in an altogether happier direction. But the outcome was not, as it turned out, of such a decisive character as to provide us with firm answers to these crucial questions.

Nonetheless, it would be quite wrong to see it as a non-event. The conference, it should be noted—and this is why UNCTAD was attaching so much importance to it—constituted the first major attempt to see how far effect could be given to the underlying theme of the New International Economic Order idea, which is that co-operation should replace the traditional centralisation in dealings between the industrialised countries and the Third World. And though it cannot be said to have been a success, in this sense, it was also far from being the complete failure it looked as though it would be until the eleventh hour.

Resistance

In particular, it provided the first really firm evidence that the American-led opposition to the idea of a major re-casting of basic economic relationships between the "haves" and the "have-nots" is beginning to encounter determined resistance from countries in the industrialised group. And this is a development of the greatest potential significance for the future of this aspect of world affairs.

Rather than the countries in this group, have, almost without exception, displayed the greatest reluctance to risk damaging their American connection by openly disagreeing with the U.S. in a matter in which they knew Washington was attacking the central argument. Which is hardly surprising. For most of them see themselves as being *partisan* to the U.S. good will in one way or another and still not have overlooked America's increasing enthusiasm for hinting that those who fail to see eye to eye with her on certain issues must not be surprised if they have to pay for such "unfriendliness".

In the event, when it came to the crunch in Nairobi in the commodity trading system, the sooner this blot on our record is expunged the better.

The blot

This looks impressive enough in itself. And it looks very much more so when one remembers that these three entities all say themselves, for different reasons, as being under a particularly strong compulsion to take their cue from Washington.

Needless to say, since the account with the U.S. for around a half of all international trade, they are in a position, now, to put the organisation campaigning for the New World Order, points out in its report on the Nairobi meeting—to undo the headway made there by simply abstaining themselves from the planned socialist conference on commodity trading. But one can presumably hope that they will perceive the wisdom of standing out against such a large part of the rest of the world—especially in a matter which the poor countries are as having a crucial bearing on the question of whether they are ever going to be able to make worthwhile progress in raising living standards from their present low levels.

Public opinion in this country can perform an immense service for humanity by bringing pressure to bear on the Government to see that Britain takes the lead in getting such a conversion under way. One of the saddest features of the Nairobi conference was the spectacle of the U.K.—so long one of the foremost champions of the Third World's call for a square deal—identifying itself with the ideologically opposition to reform of the crucial in the commodity trading system. The sooner this blot on our record is expunged the better.

Agreeable

They include, for example, basic Bourdeau, Rogné and Blanc, Bourgogne, Aligoté and Passe-Tout-Grains, as well as plain Anjou, none of which can with any degree of truth be called a fine wine, though here and there a particularly skilled well-settled grower or blender may produce something out of the ordinary. Such wines are no more than agreeable beverage wines, and none the worse for that.

Recently when in Champagne I was taken to the Aube, an island of champagne production not much short of 100 miles from Reims, and *terre incognita* to most visitors to the Marne. This charming, hilly area, well-known for its valleys and villages, as well as for its champagne, includes the three adjoining villages of Rives—Haut, Haute-Rive and Bas—who not only

have their own local appellations, but are also good though not real match for the finer offerings of the Moselle and Rhine. Moreover, whatever the rivals in the top half of the table, it is not possible to claim with conviction that even in the best of vintages all the AC wines are fine, let alone surpass all their rivals. Far as the officially sponsored advertisement states, there are almost 300 of them, and if certain local growers organisations have their way the list is not yet closed.

He argues first that there has

been a significant increase in the world's commodity trading system, no less than six of them joined forces with the "other side" to push through a compromise resolution which calls for the convening of a negotiating conference not later than March, 1977.

It is true that there is no compulsion on governments to participate in these talks. But the decision of a number of the advanced countries to identify themselves with the contention that there is a strong case for establishing a new commodity trading system is significant, altered the relative weight commanded by the two sides of the argument.

Thus, with the Third World able to count on the support of relatively new force in world affairs—the OPEC group—and a significant part of the industrialised world, it should be able to make itself felt against a heavily depicted opposition. And it seems that the defections among advanced countries in the other side at Nairobi meant that, in the end, only three of them were prepared to fall in wholeheartedly behind the U.S.—Germany, Japan and Britain.

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Needless to say, since the account with the U.S. for around a half of all international trade, they are in a position, now, to put the organisation campaigning for the New World Order, points out in its report on the Nairobi meeting—to undo the headway made there by simply abstaining themselves from the planned socialist conference on commodity trading. But one can presumably hope that they will perceive the wisdom of standing out against such a large part of the rest of the world—especially in a matter which the poor countries are as having a crucial bearing on the question of whether they are ever going to be able to make worthwhile progress in raising living standards from their present low levels.

Public opinion in this country can perform an immense service for humanity by bringing pressure to bear on the Government to see that Britain takes the lead in getting such a conversion under way. One of the saddest features of the Nairobi conference was the spectacle of the U.K.—so long one of the foremost champions of the Third World's call for a square deal—identifying itself with the ideologically opposition to reform of the crucial in the commodity trading system. The sooner this blot on our record is expunged the better.

They include, for example, basic Bourdeau, Rogné and Blanc, Bourgogne, Aligoté and Passe-Tout-Grains, as well as plain Anjou, none of which can with any degree of truth be called a fine wine, though here and there a particularly skilled well-settled grower or blender may produce something out of the ordinary. Such wines are no more than agreeable beverage wines, and none the worse for that.

Recently when in Champagne I was taken to the Aube, an island of champagne production not much short of 100 miles from Reims, and *terre incognita* to most visitors to the Marne. This charming, hilly area, well-known for its valleys and villages, as well as for its champagne, includes the three adjoining villages of Rives—Haut, Haute-Rive and Bas—who not only

have their own local appellations, but are also good though not real match for the finer offerings of the Moselle and Rhine. Moreover, whatever the rivals in the top half of the table, it is not possible to claim with conviction that even in the best of vintages all the AC wines are fine, let alone surpass all their rivals. Far as the officially sponsored advertisement states, there are almost 300 of them, and if certain local growers organisations have their way the list is not yet closed.

He argues first that there has

been a significant increase in the world's commodity trading system, no less than six of them joined forces with the "other side" to push through a compromise resolution which calls for the convening of a negotiating conference not later than March, 1977.

It is true that there is no compulsion on governments to participate in these talks. But the decision of a number of the advanced countries to identify themselves with the contention that there is a strong case for establishing a new commodity trading system is significant, altered the relative weight commanded by

BY DENYS SUTTON

Charles Nègre: photographer

by DENYS SUTTON, Editor of Apollo

The National Gallery of Canada at Ottawa has taken one of the first painters in history of photography to take up photography; he began with the daguerreotype in the mid-1840s and by 1849 was using the negative paper process. At the start, he conceived of his photographs as studies for his paintings—portraits, landscapes and history paintings—but he later, which will prove of great use to anyone keen on the subject.

Nègre (1820-80) was born in Paris and arrived in Paris in about 1839 with the ambition of becoming a history painter. He entered the studio of Paul Delaroche, where his fellow students included Daubigny, the landscapist, and others such as Eugène Boudin, Gustave Courbet, Ernest Meissonier and Théophile Hauer. Nègre was reasonably successful, for he won a medal at the 1850 Salon and twelve pictures by him appeared in the 1851 Salon, some of which were brought by the future Impressionists. Photographs which he took of two of his pictures—*Corsair, mother of scorpion-sweeps*—may have influenced Daumier's three versions of the *Lamartine*.

In 1849 Nègre was accepted at the Salon and when his painting "Minerva" was shown at the 1849 exhibition, it was noted by no less a critic than Théophile Hauer. Nègre was reasonably successful, for he won a medal at the 1850 Salon and twelve pictures by him appeared in the 1851 Salon, some of which were brought by the future Impressionists.

Photographs which he took of two of his pictures—*Corsair, mother of scorpion-sweeps*—may have influenced Daumier's three versions of the *Lamartine*.

Nègre was one of those involved in the efforts to safeguard France's architectural heritage.

Mérimée was another, and his photographs of Saint-Trophime in Arles and those of Chartres provide fascinating visual evidence of the appearance of these buildings in the 1850s.

After 1854 Nègre came to the conclusion that silver salts were impermanent and that the future of photography lay in the use of printers' ink for inexpensive mass production and permanency. His health was none too good, so he moved to the South of France. There he undertook the taxing task of making 64 photographs for the Duc de Luynes' geological study of the Dead Sea. Other works consisted of views of the Riviera aimed at the tourist trade and portraits, one customer being Thomas Woolfield of Cannes.

The photographs in the catalogue bring out Nègre's importance in the development of photography. He used his training as a painter and undoubtedly his eye to enrich his photographic work. The exhibition should be brought to London.



Charles Nègre: Organ-Grinder

BBC TV

Ballet Rambert—the first 50 years

by CLEMENT CRISP

Margaret Dale's celebratory immensely touching scenes from programme about the first half-century of the Rambert company—*Laide au Fox* with Gilmour and Walter Gore, a glimpse of what is to be transmitted on BBC1 this war-time company performing evening. And it is not to be Peter and the Wolf in a factory-missed—say by those people for whom Gilmour and Elizabeth Wells for the commemorative gala that opens the Rambert season tonight.

Miss Dale has produced a characteristically perceptive and well-ordered survey of the company's history, with John Cleese worth—the present director—as narrator, and contributions from several of the greatest wearers of the Rambert old school tights. Dame Marie herself, of course, and Sir Frederick Ashton; Dame Alicia Markova and Maude Lloyd; and Sally Gilmour, Glen Tetley, Norman Morris, Christopher Bruce, all speak, and though their comments span the history of five decades, the common thread running through their remarks is that quality which has always distinguished the Rambert manner: artistic integrity. And which, from what Dame Marie calls the "blessed poverty" of the repertoire, there are two fascinating, tantalisingly brief, clauses of today, its ability to illuminate the story there are two bright, noisy, energetic finds in Lo Spazio: the whole company appear in art, "Art Fair '76".

What this programme does, and does so well, is to convey the real heart of the Rambert enterprise.

And which, from what Dame Marie calls the "blessed poverty" of the repertoire,

there is Markova, so fast and light within the powers of Foyer de Danse of 1932, and its dancers and choreographers.

Albert Hall

English Chamber Orchestra

by DAVID MURRAY

Norman Del Mar conducted Sunday's all-Mozart concert with the English Chamber Orchestra; the programme-book admitted as much, in one grade of line or type, though it sang the praises of Mr. Del Mar's two hours over ten full pages. There was no list of the orchestral players, though they were heavier than at Mozart's two greatest symphonies and the *Kleine Nachtmusik*. Perhaps the same thrifty instinct accounted for the decision to play the Symphony No. 40 in (as far as I could tell) the version without clarinets.

By the standards of the Albert Hall, certainly, the orchestra made a modest sort of noise. Mr. Del Mar divided the violins to left and right—commendable in principle, but not calculated to enhance the vividness of their attack. Fortunately Del Mar's readings were consistently stylish and sprightly, quite without mannerisms. He might probably have spared more time for breathing the delicate sentiments of the *Romance* in the *Nachtstück*, and the Andante con brio of the "Jupiter" Symphony.

In so familiar a programme, one's attention is caught by marginalia: the anonymous tiny print contributed most music

Festival Hall

Maazel and Gilels

It much softened the disappointment of Sviatoslav Richter's cancellation on Sunday of what was to have been his first concerto performance with a London orchestra for more than 15 years, to discover in his place no less a rare and distinguished Soviet visitor than Emilio Gilels, who had agreed to appear instead, flying in from Geneva the same afternoon, at barely a day's notice.

And we shall be fortunate to hear another performance of Beethoven's third piano concerto, as magical as this, impromptu or no, in the next 15 years. Framed song, shaped with childlike

grace, wonderfully balanced in

and fourth symphony, Gilels's every voice, a vision of its own kind almost perfect. The finale was the evening's triumphant centrepiece—deeply suffused with bright and brilliant colour, underlined (as parts of iron and stone, softened with highlights of the most delicate expressive colour).

The first-movement cadenza

was delivered with fireball energy, massive, sudden granite-like release, as suddenly into trills, and the mysterious heart-beat of the timpani. The slow movement, for once a true largo, Gilels delivered with the utmost simplicity: a heartfelt sound, soft and clear.

DOMINIC GRILL

East Berlin theatre

Caucasian Chalk Circle

by RONALD HOLLOWAY

The *Caucasian Chalk Circle*, part of the *Felicitas Ritsch's Grusche* has not been played at the *Antiken-Projekt* two seasons ago. carries the first dramatic moments with a reserved modesty that roots the audience's attention as she and the

child meet and overcome one peril after another; the scenes of the *Spielen*, and Brecht's own theatre has been going down ever since. Now, with a regrettable private war commencing into the public forum between heirs and disciples, a return to one of the Brechtian "classics" brought critics and friends back to the Berlin Ensemble like it was Homecoming Week. The public loved it.

Good Brecht has been hard to find these days, both in the West and the East. One reason is because the Berlin Ensemble maintains an artistic stranglehold on the master's plays in East Berlin without competition there is no incentive, least of all in the Ensemble. Another reason is that BE's Barbara Berg, Brecht's daughter, has gone across the borders to snuff out maverick productions elsewhere at will: a Hansgünther Heyne interpretation of *The Three Penny Opera* in Cologne was considered too unorthodox last season and only got past the initial performances. And in a related incident: when a servant girl rescuing and adopting the Governor's son whole of Germany as those in Grimm's fairy tales. The

Caucasian Chalk Circle, with its pieces of ambiguous political and ideological implications. But the chief characters of Grusche and Azakd are memorable and the Caucasian setting never fails. The public, however, is generally pleased to have a classic back at BE after a flood of early Brecht productions, mostly under Intendant Ruth Bergbaum's direction. and the figures of Mother Courage, Shen Te, Puccini, Galileo, Grusche and Azakd are as popular across the world as Grimm's fairy tales. The German parents escaping to the circle on the ground to reward West, with eventual hope of virtue, says that the world is again in order and all wounds can be healed. The Berliner Ensemble would do well to keep on saying it.

Choirs at Aldeburgh

By the end of the present season auditions for choirs will be given to the choir on its tour; from them Cynthia Clarey, soprano, must be singled out for youthful delicacy and distinctive vocal style. In the four pieces from Scott Joplin's opera *Treemonica* that brought the evening to a rousing toe-tapping close, she was a perky, delightful heroine. If this is characteristic, then *Treemonica* is indeed the vigorous and enjoyable first choice to have it to be in recent repertory of House and New York revivals: the Green Friday and Saturday by the Choral Society from Greenwich, Connecticut, were even a non-serious evening, about three too many.

The new music at Aldeburgh so far has been string quartets—William Alwyn's Second for the Gabrieli Quartet, the first two and Malcolm Arnold's Second, for the Allegri, on Saturday afternoon. The Arnold work is a busy collection of clichés, energetically assembled into four movements. From Bartókian slithers to bouncy scruples against the Irish jig of the second movement, to the smoochy tunes in lush settings that end first and last movements, the composer strikes attitudes of nervous defiance of fashion without lending them the substantial thought to make that defiance interesting.

MAX LOPPERT

SAFIC

Directors: S. Borsook (British) (Chairman and Managing Director); K. Gross; J. Mincer; L. Mincer; D. H. Shapiro; N. Werksman

Saker's Finance and Investment Corporation Limited Audited preliminary profit announcement

As will be seen from the figures below, the results for the financial year ended 31 March 1976 are slightly better than indicated to shareholders in the interim report, and must be considered satisfactory in the light of the changed economic climate and highly competitive conditions in the motor industry prevailing during the past year. Inflationary pressures on costs continued to be felt and, as a result, the full benefits of increased turnover were not realised.

Earnings for ordinary shareholders increased by 16.2% from R11 970 000 to R13 910 000. The earnings per ordinary share of 29.06 cents represent an increase of 9.2% compared with earnings per share for the 1975 year of 26.82 cents, after adjusting for the capitalisation issue.

The group's share of profits after tax, minority interests and preference dividends has increased by 23.8% and its share of "net attributable earnings" has decreased by 20.3%. These changes result from the group re-organisation and are compensatory in effect.

The non-recurring profits of R71 000 arose substantially on the sale of group properties no longer required.

Flowing from the re-organisation of the group, the company has received an increased dividend. As retentions are made in the subsidiary companies, your company's need to retain any of its earnings has been considerably reduced. Your board has therefore declared a final dividend of 10.5 cents per share (1975—7 cents) making a total for the year of 14.25 cents per share (1975—10.5 cents) which is covered 2.04 times by earnings.

The annual report is in the course of preparation, and will be sent to shareholders on or about 23 June 1976.

S. Borsook Chairman and Managing Director

Consolidated group profits—year ended 31 March 1976

	1976 R	1975 R	% Change
Turnover	122 279 000	97 998 000	+24.8
Profit before tax	3 522 000	3 315 000	+6.2
Taxation	1 468 000	1 355 000	+8.4
Profit after tax	2 053 000	1 980 000	+4.7
Interest of outside shareholders and preference dividends	827 000	970 000	-14.7
Net attributable earnings	1 226 000	990 000	+23.8
Earnings for ordinary shareholders	165 000	207 000	-20.3
Non-recurring profits	71 000	—	+16.2
	R1 482 000	R1 197 000	+22.1

Per ordinary share

Earned	29.06*	26.82	+9.2
Paid	14.25	10.75	+32.6

Number of shares in issue

Excluding non-recurring profits	4 787 030	4 787 030	—
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*Adjusted for the additional 654 500 ordinary shares issued 1 October 1974

Declaration of final ordinary dividend in respect of the financial year ended 31 March 1976

Notice is hereby given that final ordinary dividend No. 41 of 10.5 cents per share was declared on 8 June 1976 by the board of directors in respect of the financial year ended 31 March 1976. This dividend is payable to shareholders registered at the close of business on 16 July 1976. The share transfer register and register of members in Johannesburg and London will be closed from 17 July 1976 to 28 July 1976, both days inclusive.

Dividend warrants will be despatched on or about 12 August 1976. The dividend is declared in the currency of the Republic of South Africa and the date for determining the rate of exchange at which the currency of the Republic of South Africa will be converted into United Kingdom currency for the payment of dividends from the London transfer office will be 12 August 1976.

In terms of the Republic of South Africa Income Tax Act of 1962, as amended, non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

By order of the board Registered office Transfer secretaries

Saker's Management Company 11th Floor South Africa

(Proprietary) Limited Cape Town Security Registrars

Secretaries McLaren Street Grapby House

Per: W. J. Sharpe 16th Floor 95 Southwark Street

Richmond Place London SE1 0JA

Corner Simmonds and Kerk Streets 2001 Johannesburg

2001 Johannesburg

Transfer secretaries

England M & WM Services

Grapby House 95 Southwark Street

London SE1 0JA

Transfer secretaries

South Africa M & WM Services

Grapby House 95 Southwark Street

London SE1 0JA

Transfer secretaries

England M & WM Services

Grapby House 95 Southwark Street

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London SE1 0JA</p

EEC will watch impact of U.S. special steel quotas

BY DAVID CURRY

THE BRUSSELS COMMISSION has adopted a "wait-and-see" position in response to the imposition by the U.S. Government of quotas on special steel imports. However, it has specifically left open the possibility of retaliation under Article 19 of GATT.

The main Community aim now is to apply pressure for an early removal of the quota. There is likely to be little action within the 90-day period. Congress has to override the Presidential action, and it is thought that there will be little other than declaratory protest until the American election is safely out of the way.

The crunch could come around the turn of the year when the recovery from the recession in the U.S. and Europe could be promising export orders which bump up against the quota. The Community's quota for 1976-77 is 22,900 tonnes whereas the EEC has never managed to export

more than 31,000 tonnes in a given year.

The Community has 90 days under GATT to decide upon counter-measures and ideally decline in internal demand and that EEC shipments had played no part in the problems hitting the sector.

The EEC countries have reserved their rights to take counter-measures under Article 19 of the GATT. They will follow closely the development of trade in this sector and will keep the implementation of the U.S. restrictions under constant review, in order to determine how far the Community's trade suffers or is likely to suffer harmful effects," it stated.

The quota for the EEC would rise to 33,000 tonnes in 1977-78 and to 33,900 tonnes the following year. The main impact of the quota will be felt in Japan, where the current year's limit of 66,400 tonnes is 11,600 tonnes below 1975 shipments.

BRUSSELS, June 14.

Further rise in Japanese exports

TOKYO, June 14.

JAPAN BAD a visible trade surplus of \$41m. in May, down from \$216m. in April. But this compared with a deficit of \$70m. in May last year, preliminary customs clearance figures show.

Exports increased 22 per cent from a year ago to \$5.2bn., while imports rose only 4 per cent to \$5.3bn., the Finance Ministry, which issued the figures, said.

Exports to the U.S. rose 51 per cent to \$1.28bn., while those to South East Asia rose 10 per cent to \$1.13bn. and those to the European Common market increased by 17 per cent to \$513m.

On a seasonally adjusted basis, the Ministry said the May trade surplus more than doubled to \$711m. from \$284m. in April, with exports up 3 per cent from April to \$3.45bn. and imports down 5 per cent to \$4.795bn.

Customs clearance figures inflate the value of imports by including the cost of insurance and freight as well as the cost of the goods. Figures valuing both exports and imports the same way—free on board (f.o.b.)—are due to be published later this week.

Car exports rose 62 per cent to \$504m., while those of television sets rose 56 per cent to \$105m.

Steel exports were up 11 per cent at \$855m., the first year-to-year increase in value terms in 13 months. The increase in volume terms was 52 per cent. Exports of ships were also up 11 per cent at \$465m., but those of chemicals were down 7 per cent at \$31m.

On the import side, crude oil imports were down 5 per cent to \$1.656bn. Reuter

Merchant fleets increased despite trade recession

BY GUY HAWTIN

THE WORLD'S merchant fleets last year increased by 20m. gross-registered tonnes to a total of 342m. gross registered tonnes (grt). Despite the recession which hit shipping heavily, according to the British Schiffahrtsbank, states that this 6.6 per cent rise was accompanied by an 8 per cent fall in sea-going world trade.

Close on nine tenths of the growth came in the tanker and bulk carrier sector, according to the Bank, which specialises in shipping finance. Tanker and bulk carrier—now in the toils of a severe depression—currently account for two thirds of the world's merchant fleet, says the report.

The fastest growth came in ships sailing under the Liberian flag—the Liberian-registered fleet rose by 10m. grt. The East European nations also showed an above-average growth rate and by the middle of last year were operating a combined fleet total-

ing more than 25m. grt.—largely in the liner trade.

West Germany's shipping concern at the end of last year owned a total of 300 vessels amounting to 10m. grt, some 600,000 grt larger than in 1974. However, ships sailing under the West German flag stood at 650 vessels, accounting for over 8m. grt.

Investment in new vessels by the West German shipping concerns was not slowed down by the recession. In October 1975 West German owners had 100 merchant vessels of a combined 1.8m. grt either on order or already in construction. Some 69 per cent of the orders were with West German yards. The report also states that some 80 per cent of the West German fleet is less than 10 years old, against a world average of 6.4 years.

Freight rates, said the report, had declined further during 1975, although developments in 1975, individual sectors had years from the beginning of 1975.

FRANKFURT, June 14.

S. African car sales slump

By Graham Hatton

JOHANNESBURG, June 14. THE SOUTH African economic recession has finally caught up with the motor industry. Car sales slumped last month to 14,696 from 18,412 in April. This is the lowest since May 1972 when 14,184 were sold.

Sales for the first five months of this year were 88,452 compared with 83,584 last year. The figure for May 1975 was 18,245.

Truck sales also slumped last month. Sales were down to 9,689 against 12,245 a year ago.

Although Ford had the largest share of the passenger cars in May, with 2,239 units sold, Volkswagen still held the running total for this year followed by Ford, Datsun, General Motors and Toyota.

German beer duty in dispute

BY A. H. HERMANN

SMALL BREWERIES exporting to Germany from other countries of the Common Market should have the benefit of a lower excise duty rate enjoyed by German breweries of corresponding size, according to the opinion of Advocate General Mr. J.-P. Warner.

The Opinion was submitted in the dispute between Bobit Verbraekevietnam and the Main customs office, Aachen-Nord, referred to the European Court in Luxembourg from Germany. The reference concerns interpretation of Article 96 of the EEC Treaty, prohibiting member States from imposing on the products of other member States higher internal taxes than are imposed on similar domestic products.

To help small and medium-size breweries to compete with large

and more efficient breweries, EEC countries should not be taxed at a rate higher than the graduated rates, rising from DM12.00 for the first 2,000 hl. of annual output to the top rate of 2,000 hl. of output of a German brewery. The German Government expressed its doubts whether it is within the jurisdiction of the Court to tell a member Government how to calculate its taxes.

Mr. Warner, it seems, has hit on an answer which gets round this objection. Rejecting novel methods of taxation proposed for imported beer by the Commission and the Plaintiff, he recommended to the Court that German customs should be told to apply the German graduated rate also to other Common Market countries.

The EEC Commission came forward with the view that beer Market breweries according to their total annual output.

Skanska Cement, Sweden's and Europe's biggest construction company, has signed a contract worth some Kr.60m. (£7.5m.) with the Sultanate of Oman to build a boarding school just outside the capital, Muscat, William Dullforce reports from Stockholm.

The project includes living accommodation for pupils and staff, a health clinic and sports grounds. The contract covers all electrical and mechanical installations and negotiations are going on for the delivery of school equipment and furniture. The bulk of the building components and machinery will come from Sweden.

Indo-British talks

The Indian Minister for Petroleum, Mr. Krishan Dev Malaviyah, is visiting London for top level talks at the invitation of the Department of Energy.

It is hoped that he will order British equipment to explore the potential fields off the Bombay coast.

He will talk with Energy Secretary Mr. Anthony Wedgwood Benn and will visit Teesside, where he will be shown the technology involved in the North Sea project.

Simon to visit E. Europe

U.S. Treasury Secretary Mr. William E. Simon is to visit three countries in Eastern Europe in two weeks to try to broaden U.S. trade and financial relationships.

Mr. Simon said he would visit Poland, Romania and Yugoslavia from June 22-25 after meeting in Paris with Economic Ministers of major non-communist industrial countries.

Aer Lingus service contract in E. Africa

Aer Lingus and East African Airways have signed a three-year services agreement under which Aer Lingus will provide a team, including senior managers, to work at the Nairobi headquarters of East African Airways (EAA).

The new agreement stresses the development of self-sufficiency on the part of EAA through training and staff development.

An immediate survey of EAA's training needs is to be undertaken by Aer Lingus experts.

Finnish surplus

Finland last month recorded its first trade surplus since September, 1972, Reuter reports from Helsinki. But the country was still in deficit for the first five months of the year by FIM 53m. (\$22m.).

Venti-fan licence

Wellman Selas have taken up a new licence to market, sell and service Venti-fans for the industrial and process heating industry in the U.K. and Northern Ireland. The license is Ventilatorenfabrik Gelsen.

These units will be marketed under the trade name Wellman-Vent.

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SCHE

Ford to seek legislation on payments disclosure

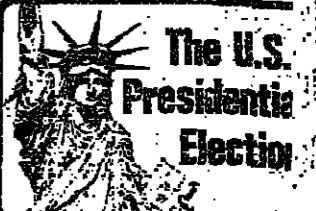
WASHINGTON, June 14.

PRESIDENT FORD announced today that he is to ask Congress to pass new legislation which would compel U.S. companies seeking to influence foreign governments to disclose any payments they make.

In a statement the President said: "It is clear that the March after disclosures that a questionable payment problem number of companies including the aircraft industry, which had been involved in 'generous' payments to officials in foreign countries in the hope that this would lead to contracts.

The task force has now been asked to propose specific legislation "which would require reporting and disclosure of payments made by U.S.-controlled corporations with the intent of influencing directly or indirectly foreign governments."

The President said that he hoped that the new measures would endow day-to-day help to curb "spreading cynicism" and would also help to restore confidence in American institutions and principles.



Carter is backed by Church

By Jurek Martin, U.S. Editor

WASHINGTON, June 14. SENATOR Frank Church from Idaho, a contestant in recent Democratic Presidential primaries, this morning endorsed Mr. Jimmy Carter, certain nominee, in ring terms.

Releasing the 74 delegations that he has won and urge them to support Mr. Carter Church said that former Governor of Georgia "has proved himself capable behind what all Carter can and should do thus ending the divisions in our national elections."

Mr. Church added that Carter had "brought an end to the regional prejudices that have marred our national politics for more than a century."

The Senator of Idaho, who won four primaries in the north-west of the country, expressed some interest in Vice-Presidential spot on Carter ticket and is known figure on Mr. Carter's short of perhaps a dozen possible running mates.

DC-10 loses hatch in flight

By Our Own Correspondent

NEW YORK, June 14. AN INSPECTION hatch on the nose of an American Airlines DC-10 wide-bodied broke off and damaged the wing of the aircraft shortly after take-off from Detroit port last Saturday. The plane which was carrying 231 passengers, returned safely after pilot dumped 4,000 lbs of fuel.

Both American Airlines McDonnell Douglas, builder of the DC-10, said that they are investigating the incident.

Apparently the 4 ft by 4 inspection hatch to the DC air conditioning system broke off for yet unknown reason and caused damage to the wing's leading edge and the McDonnell Douglas morning emphasised that the incident can no way be paraded to the March 1974 of a Turkish Airlines near Paris, following an explosive decompression of aircraft's fuselage caused the blow-out of a cargo

Caricom to lend Jamaica \$87m.

BY DAVID RENWICK

AGAINST A background of accusations that the Jamaican Government forces were attempting to destabilise its economy, three major Caricom partners, Trinidad and Tobago, Guyana and Barbados, have agreed to provide a total of \$TT208.88m. (\$87.42m.) in loans to support the country through its present critical period.

The emergency financial assistance for Jamaica, the most populated Caricom territory, is part of an overall plan of action agreed to by Trinidad and Tobago, Jamaica, Barbados and Guyana for advancing the integration movement in the region against external attempts at destabilisation about which the Guyana Government has also recently complained.

The leaders said that stabilisation of the region must be "the paramount objective of Caribbean policy." They have agreed on a package of measures designed to strengthen their industrial and agricultural sectors and create firm links between their respective economies.

The loan agreement was concluded at a hurriedly-called meeting of the four Prime Ministers in Trinidad last Wednesday but details were kept secret until this weekend.

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OVERSEAS NEWS

Dissidents to set up new Party in Japan

By Charles Smith

TOKYO, June 14. THE CRISIS within Japan's ruling Liberal Democratic Party (LDP) took a new turn today when six members of the Party announced that they were planning to form a new conservative Party of their own in order to "revitalise" Japanese politics.

The group of six is headed by a 38-year-old Dietman, Mr. Kono, whose father was one of the founders of the Liberal Democratic Party and whose uncle is chairman of the Upper House of the Diet. Mr. Kono told me today that he felt his colleagues had lost sight of the LDP's ability to govern, and in recent months had felt the Party had become an administrative machine cut off from public opinion.

The new Party, he said, would be identical in "ideology" with the LDP (so far as the ruling party can be said to have any discernible ideology of its own) but would be less bound by institutional relations such as the LDP's links with Japanese big business.

The defection of the Kono group will not make much immediate difference to the position of the LDP in the Lower House of the Japanese Diet where there is a Government majority of 52 seats. The more serious, however, in the context of existing tensions within the Party and of trends which could emerge at or after the general elections due later this year.

The Liberal Democrats are probably more divided at present than they have been at any time during the Party's 28-year history and a successful dissident movement by a popular leader could just conceivably result in the collapse of the one-Party Conservative rule which Japan has known since the mid-1950s.

Mr. Kono quite clearly had nothing so catastrophic in mind when he discussed his defection with reporters today. But he is known to be a highly ambitious man who will presumably be ready to follow his new line of action wherever it leads him.

The last time Mr. Kono came to public attention was during the period of uncertainty following the resignation of former Premier Kakuei Tanaka in late 1974 when a move was made by a group of young LDP Dietmen to draft him as candidate for the premiership.

The Kono defection comes during a lull in the main struggle for power within the Liberal Democratic Party, which centres on the position of Mr. Takeo Miki as Prime Minister and on the desire of a group of senior faction leaders to oust him before the election. Mr. Kono said today that he personally regarded Mr. Miki as the best available LDP leader. This tribute does not seem likely to be much help to Miki in his battle to fend off attacks from his intraparty opponents.

No signs of purge in Uganda

NAIROBI, June 14.

TRAVELLERS arriving in Nairobi from Kampala today said that they had seen no evidence of a purge or mass arrests in Uganda following the assassination attempt on President Idi Amin last week. Not all these travellers saw any sign of mass killings, referred to in overseas reports. The travellers said they had heard that arrests were being made, but not on such a spectacular scale as has been reported.

President Amin, in his first public comment on last Thursday's assassination attempt in which three hand grenades were thrown at his motorcade, said that one grenade was thrown at his jeep.

Radio Kampala reported last night that he had told members of a visiting Sudanese delegation that he was unharmed but his codriver had been badly wounded. President Amin was quoted as saying that nobody could believe that he had not been hit.

Two Kenyan newspapers said there had been scores of arrests since the attack. The Nation, a mass-circulation daily, quoting unconfirmed reports, said that there had been a purge in Uganda with several people shot and fears of mass killings.

Kampala Radio has reported that arrests were being made, but has given no details.

In his accounts of the attack, President Amin said that the tyres of his jeep were punctured by the blast but that he still managed to take his codriver to Mulago Hospital, three miles from the Wambya barracks where the attack took place.

He said that any revolutionary leader must expect to have enemies.

So far there has been no clear indication of who was responsible for the attack. Originally the radio talked of enemies of Uganda."

Since then, however, it has elaborated on this and said that those responsible were motivated by jealousy at Uganda's achievements under President Amin.

The radio has praised the population for remaining calm and observers here took this to be an indication that the mood in Kampala was subdued.

Reuter

Arab peace efforts in Lebanon reach deadlock

BY ISMAN HRAZI

ARAB EFFORTS to end the conflict between Syrian and Palestinian troops here and to put together a joint Arab force to be sent to Lebanon have reached deadlock, and no progress is expected for at least one week.

The Palestinians and their Left-wing allies have mounted a new political and diplomatic campaign with a warning that the situation is now highly explosive.

The warning was included in

a cable by Palestinian guerrilla

leader Yasir Arafat, "from

Col. Muhammad Khaddaf, the

Libyan head of state, and other

Arab kings and presidents.

Mr. Arafat dispatched the cable,

the text of which was published in

the pro-communist Press here

today after he had received

urgent telephone messages from

commandos and Left-wing leaders

in Lebanon.

Mr. Kamal Jumblat, the head

of the Lebanese Left-wing Moslem

alliance, held separate meetings

to-day with Arab and foreign

envoys to complain about the

Syrian attitude in general and

the blockade against Beirut in

particular. Mr. Jumblat declared

later that he has asked for mili-

tary intervention by Algeria,

Libya and Iraq in Lebanon to

counter the Syrians.

Syrian-controlled roadblocks

at the capital's southern out-

skirts have let some supplies

from the southern port of Sidon

to pass through, but no petrol

was allowed to reach the capital

from the Sidon refinery. The

Syrians have taken the stand

that petrol is, like arms and

ammunitions, a strategic

material.

Commandos and left-wing

leaders who met here last night

were held Arab League secretary-

general Mahmoud Riad and

Premier Abd Salam Jalloud,

responsible for the consequences

of what they described as the

"procrastination" in implement-

ing resolutions adopted last

week by the Arab League

initiative.

Then came the news that the

resolution, a joint Arab force was to be dispatched to Lebanon to replace the Syrian troops.

Maj. Jalloud has been shuttling

between Beirut and Damascus trying to bring about a com-

promise between the Syrians and Palestinians.

The Syrians were reported to have agreed to withdraw their forces from the south and north

of the country to the Bekaa

Valley in the east.

They have stipulated that in

BERUIT, June 14.

Lebanese military committee which

had accompanied Mr. Riad to

Damascus has put off its meet-

ings until next Saturday.

There have been several inter-

pretations of the delay. One was

that Mr. Riad needed time for

his talks with Lebanese leaders.

Another linked it to the forth-

coming visit to France by Presi-

dent Hafez Assad which is due

to begin on Thursday.

But informed sources said the

delay was related to the Syrian

military offensive in Lebanon.

Syrian officials were reported

to have sent special envoys

of President Riad to

Damascus to assure the Syrian mil-

itary offensive in Lebanon will

accomplish all of its objectives

in one week.

The objectives were not clearly

explained, but reliable quarters

said the Syrians are expected to

advance to the hills overlooking

the ski resort of Faraya about

25 miles north-east of

Beirut.

Kenter adds: Syria was ac-

cused by Left-wing and

Palestinian leaders of sending

more troops and tanks into

Lebanon during the past 24

hours and of violating a cease-

fire in Beirut at dawn to-day.

A spokesman for the combined

left-wing Palestinian command,

quoted by the Voice of Palestine

Radios, said: "Syrian forces had

entered the western Bekaa and

Araouz areas in south-east

Lebanon during the past 24

hours. The forces were said to

include infantry, tank battalions

and a rocket unit."

© Arab League secretary-general

Mahmoud Riad says it will now

be possible to send the League's

peace-keeping force to Lebanon

within two days. The Egyptian

Middle East News Agency re-

ported to-day, it quoted remarks

by Mr. Riad to reporters in

Damascus last night.

Mr. Riad, it said, believed

chances for sending the force

were better following contacts

he had in Damascus.

Ethiopia disbands peasant army

NAIROBI, June 14.

ETHIOPIA'S military Government has apparently decided to totally disband the peasant army it mobilised to fight against Eritrean rebels, and thousands of peasants have already started to straggle home on foot, diplomatic sources said to-day.

The move follows last minute efforts by Ethiopia and surrounding Arab states to find a peaceful solution to the 14-year-old war in Ethiopia's northern-most province of Eritrea, and private advice from Washington that the peasant army could adversely affect relations between the two countries.

The military, with half its army down in Eritrea waging an unsuccessful campaign to crush to straggle home now—mostly on

UPI.

nationalists, last month began to mobilise an army of ill-armed peasants to bolster the Government's fighting strength in what was seen as a final effort to destroy the guerrillas.

The Government sent an estimated 30,000 peasants towards Eritrea in a fleet of commandeered trucks and buses and eventually hoped to mobilise 200,000 people, according to diplomatic sources.

Earlier this month, reports said the Government had stopped the march on the borders of Eritrea, although the vanguard of Moslem invaders, rather than Eritrean rebels, had been constantly harassed by hostile local villagers. One report said at least 200 peasants had been killed in an attack by villagers.

The United States had also privately told Ethiopia that if it went ahead with plans to unleash the peasant army on Eritrea, it could have serious consequences

even though these peasants had begun to straggle home now—mostly on

UPI.

Mr. Sedley, a member of the Angolan-sponsored International Commission of Inquiry on mercenaries, said: "It has become clear that the British Government bears a major share of responsibility for the situation of the 10 British defendants. A few months ago it stood by and did nothing while men were enlisted

in the dock for two hours, the exception of the executions

of the criminal charges against the other mercenaries—each man for his part in this complex trial is at once apparently covering up for his co-defendants, and also testifying

against them. But Grillo's defense

main message was that American society was partly responsible for his becoming a mercenary.

He described a society where "if I have two shirts and you have none, I want 20 more and the hell with you."

However, in response to the responsibility of the British

EUROPEAN NEWS

W. German industry plans more investment

Commission faces censure motion from Conservatives

BY DAVID CURRY

BONN, June 14.

WEST GERMAN industry plans to increase investment by 4 per cent this year following a cutback of 6 per cent last year, the IFO Economic Research Institute in Munich reported today on the basis of a survey carried out two months ago.

But although the decline in new investment during 1974-75 seems to have been checked, the institute says that its findings show only limited confidence among companies about the medium-term economic outlook.

Breaking down projected new investment for 1976 into different categories, IFO reports that only one-fifth of its respondents plan any expansion of their capacity. Over half said that the main point of planned new investment was to rationalise present operations, while over a quarter said they were confirming themselves in the replacement of existing plant.

Analysing last year's performance, IFO gives some credit to the West German Government's concern to do all it can to encourage new investment this year with a policy of relatively plentiful credit and higher profit margins. Many companies, however, have been saying in recent weeks that they look first for an improvement in the use of present excess capacity before contemplating new investment on a large scale.

Business failures continue

By Guy Hawtin

FRANKFURT, June 14.

WEST GERMANY can expect no immediate decline in its alarmingly high rate of bankruptcies. Corporate and personal insolvencies have continued at a high rate despite the increasing noticeable economic upturn.

In the first quarter of the year insolventcies totalled 2,386 -3 per cent up on the 1975 figure, which itself was a full 29 per cent above the level of the first three months of 1974. Bankruptcies last year rose by an overall 19.1 per cent on the previous year's figures to reach 9,195.

Second quarter figures this year are likely to be almost as depressing as in the first three months. The Verband der Vereine Crediteform which monitors the bankruptcy statistics, says in its annual report a decline in insolventcies normally lagged eight to 10 months behind the point of economic upturn.

It ventures the view that the high point in the bankruptcy rate was reached in the first third of 1976. However, it seems likely that unless there is a startling decline in insolventcies in the final two-thirds of the year, 1976 will near equal 1975's bankruptcy total—the highest since the end of the Second World War.

THE EUROPEAN Parliament has no hand in producing the surplus to-morrow debate for the in any case.

WEST GERMAN industry plans to increase investment by 4 per cent this year following a cutback of 6 per cent last year, the IFO Economic Research Institute in Munich reported today on the basis of a survey carried out two months ago.

In practice there is no chance of the motion receiving the promise that proposals would be necessary two-thirds of votes made in 1973. This time the Conservatives are committed to carrying out the debate to-morrow, but since they will receive little support in the lobby, are likely to decide not to press for the vote which takes place 24 hours after the debate in order to allow "cooling off."

Although the Conservatives rather muddled their way into a censure motion, it arose out of criticism they were receiving in the British Press from agricultural interests over the skin milk pool.

They argue that otherwise the censure will become sort of Parliamentary nuclear weapon that no-one dares to use. However, the failure of the

Commission which has been unsettled in the process of reforming the dairy sector and that the incorporation scheme is in any case a once-and-for-all move which will not be repeated.

In the event of a vote it is felt that many members might resolve their problem with their reet—by staying away and denying the motion the necessary qualified majority.

The censure is the biggest weapon the Parliament has. It can only censure the Commission as a whole and lacks the powers to censure individual commissioners.

THE HAGUE, June 14.

DUTCH EMPLOYERS have given relatively high level of Dutch wage costs which has been a natural gas sales. The money to boost investments. These are aimed at easing the longer term unemployment problems and improving the structure of domestic industry.

The prime feature of the programme, which becomes effective next April, is the introduction of a wage cost subsidy system and a new "investment account." From the latter, subsidies are given for investment, while existing facilities such as tax deduction and early write-offs, will be withdrawn.

In the interim period the facilities will, however, be improved, to prevent investment from sagging.

Although the employers' general aid measures, their main criticism centres on the Government's plan to "steer" investments on the basis of, for example, employment, regional and environmental considerations.

The criteria for the investment subsidies have yet to be determined by a Commission representing the three social partners.

The plans are a response to the but be related to the revenue more than 5 per cent by 1980.

THE LONDON, June 14.

ITALIAN Government officials have flown to London following the arrest on Sunday of Sig. Sandra Saccucci, the Italian neo-fascist MP wanted by Italian police on charges of murder, attempted murder and firearm offences.

Sig. Saccucci appeared briefly before Bow Street Magistrates yesterday in a court sitting over with Italian journalists on a warrant calling for his extradition from Britain. Reporting restrictions were lifted.

He was remanded in custody until Friday when, according to his solicitor, Mr. Alan Lorenz, he "would be applying for bail" yesterday. Sig. Saccucci made no such application.

Mr. Lorenz added that his client "strenuously denies the charges against him." He pointed out that these were "serious" and that there were "political ramifications."

Sig. Saccucci, 32, and a Right-wing candidate in Italy's general elections this weekend, was arrested by detectives from Scotland Yard's Extradition Squad following a request from Interpol.

In Rome, the Italian Minister of the Interior, Sig. Francesco Cossiga, was yesterday reported to have said that Sig. Saccucci was wanted in connection with the killing of a youth and the wounding of another at a Right-wing MSI rally at Sezze Romano, near Rome, on May 28.

WARSAW, June 14.

CULTURAL exchange agreement and the work of the school textbook revision working party reflects the nervousness of Polish society that West Germans of all generations might not know or too easily forget all that happened.

But no less significant are the economic agreements, which give the Polish economy a breathing space and may allow some unpopular price rises to be put off.

The fact that Opposition leader Helmut Kohl, as recently as last March undecided on the merits of agreement with Poland.

Richard Wojna, who says: "Many factors indicate that the realisation of agreements signed will be aided by growing stress on the future in our relations."

The historic nature of the visit is seen in this decisive improvement in relations after the enmity of the '60s and the uncertain stops and starts of the last seven years, when what is now termed "the foundations of

the process of normalisation of relations here that everything went well during the visit to West Germany last week of the Polish First Secretary, Mr. Edward Gierek. This emerges in the opinion of the comment in to-day's Trybuna Ludu by Central Committee member Richard Wojna, who says:

"The importance attached to the

visit of the Polish group, which travelled to West Germany with mixed feelings, uncertain about the reception they would receive.

But they were pleased to find what was described by the leading commentator and delegation member, Karol Malcuzynski, as "enormous interest and the warmth of the reaction of the man in the street." He called the visit a "psychological breakthrough for Polish-West German relations."

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IN ROME

HOME NEWS

Call for State control of fuel development

BY RHYS DAVID

A PLANNED energy policy with Government control over development of fuel supply to regulate prices. A system of taxes and subsidies to discourage or encourage the use by consumers of particular fuels is being presented next week to the national energy conference.

Mrs Frances Morrell and Mr. Francis Cripps, political adviser to Mr. Anthony Wedgwood Benn, Energy Secretary, claim in their paper that under the present system gas would remain cheap and gain an expanding share of the market, putting fuel development in jeopardy and bringing major problems when oil imports run down. The plan for the Government to be responsible through new powers ensures that financial targets

would be met and supply expanded to meet demand.

This policy, they claim, favours gas, where reserves are likely to be speedily depleted, because at present it can be offered more cheaply than any other fuel.

A planned energy policy, on the other hand, would enable energy options to be kept open.

To achieve greater control, the Government should use differential taxes and subsidies to "guide" choice by users of fuel to conform with long-term objectives.

Influence

"The Government will be able to influence choice between primary fuels to some degree by its decision on taxes needed by 20 power stations needed between now and 1990 will be nuclear- or coal-fired," the report adds.

It also advocates less secrecy in discussion and decision-making in energy policy and suggests the Government should be made fully accountable for policy choices and for use of powers to implement them.

• A warning that controls contained in the recent large volume of legislation could have a stifling effect on U.K. offshore exploration and production activity is given in another conference paper by the U.K. Offshore Operators' Association.

Parliament Page 18

Honeywell fighting water authority over computer order

BY A. H. HERMANN

HONEYWELL Information Systems is fighting in the courts at the hands of the authority to order an ICL computer in preference to one made by itself.

A Honeywell machine had been selected by the authority's technical evaluation team by over-ruling the recommendations of its technical and financial advisors.

Honeywell said yesterday that it had instituted High Court proceedings, alleging a breach of statutory duty and had obtained an injunction restraining the authority from entering into contract with ICL until June 18 when the court will consider the matter.

Honeywell has asked the Environment Secretary, for a less well defined in the U.K. than public inquiry into the other EEC States where special authority's decision. Under administrative courts are open section 105 of the Water Resources Act, 1963, the secretary could have directed the for decisions they have made authority to place the order with a company of its choice but apparently did not do so.

In answer to an inquiry from the authority the Environment Department is said to have indicated

claims, the authority was bound by conditions of open tender and failed in its statutory duties of proper business management by over-ruling the recommendations of its technical and financial advisors.

Court power

As well as its possible impact on preference for ICL computers within parts of the public sector, the case is bound to raise wider interest because it may throw further light on court powers to revise administrative decisions.

This is an area of law much more well defined in the U.K. than in other EEC States where special authority's decision. Under administrative courts are open section 105 of the Water Resources Act, 1963, the secretary could have directed the for decisions they have made authority to place the order with a company of its choice but apparently did not do so.

As far as EEC competitors are concerned, the situation might be changed soon by a Community directive requiring greater equality in public tenders.

Campbell Adamson briefs successor

BY ROY HODSON

MR. JOHN MUTHVEN, who joined the Confederation of British Industry yesterday as director-general, is being briefed by the outgoing director, Sir Campbell Adamson, on the state of negotiations with the Government over revisions to the Price Code.

A consultative document is expected from the Government this month. Until the present crucial round of negotiations is complete Mr. Muthven will be engaged in a series of meetings in London.

Later he hopes to make visits to the regions to meet CBI members and local organisations.

Although Sir Campbell does not officially leave the CBI until yesterday at a consumer advice centre in Brixton,

'Big changes needed in Price Code'

BY OUR BUILDING CORRESPONDENT

AN economic recovery would only be short-lived unless substantial changes were made to the Price Code. Mr. Bryan Hunt, president of the National Federation of Builders' and Plumbers' Merchants, said yesterday.

He told the Federation's annual conference in Eastbourne that, while there seemed to be widespread agreement about the need for more investment in industry, it could not take place unless industry was permitted to earn and retain an adequate level of profits.

This need applied just as much to merchants as it did to manufacturers.

The latest indications from the Department of Industry, however, show that, while investment intentions are improving in manufacturing, there may be an actual fall of 5 or 6 per cent in work any more encouraging.

Petition for winding up Golden Chemical begins

A PETITION to wind up Golden Chemical Products, a franchise company making and selling cleaning materials, began in the High Court yesterday.

The petition is by the Secretary of State for Trade in the public interest. The Hertfordshire-based company, and several of its creditors are opposing it.

Mr. John Chadwick, for the effect which regulations had on the company's trading, and so combined effect of the Fair Trading Regulations had meant that was unsatisfactory in the sense Golden Chemical could no longer derive income from the sale of franchises.

The hearing continues to-day.

'No money refunded' signs banned under draft order

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

SIGNS such as "no money refunded" are to be banned under a draft order laid before Parliament yesterday.

The order, one of two laid yesterday by Mrs. Shirley Williams, Secretary for Prices, underlines the existing statutory obligation on suppliers to refund money on unsatisfactory goods and will make it illegal for retailers to display notices which purport to take away consumers' statutory rights.

Manufacturers will also be prevented from giving such an impression on their products.

Address

The laying of the orders was the first time that the Government had used its power to create new criminal offences under the Fair Trading Act. The orders are subject to affirmative resolution from both houses.

The second order requires all mail order advertisers asking for money in advance of delivery to include their name and address in their advertisements.

This means that mail order companies will no longer be able to use only box numbers in their publicity.

The orders came after pro-

tectionary advice between the Director General of Fair Trading, proposed that changes should be made to the law covering goods ordered in advance both from mail order operators and traditional retailers.

The Advisory Committee took the view that it would be impractical to change the law relating to deposits in shops, but recommended that it should become an offence for mail order companies to refuse to refund a customers' deposit if the promised delivery date could not be met.

The Department of Prices has concluded, however, that it would not be possible under existing law to put such an obligation on mail order companies.

The orders came after pro-

Summer boosts sales of boats

By Stuart Alexander

A SUMMER SURGE in home demand for boats has led to increased long-term optimism among British manufacturers, according to the latest trends survey by the Ship and Boat Builders' National Federation.

Six months ago only six of the 100 contractors questioned were more optimistic than at the time of the previous survey. By the end of April this year, by contrast, 77 foresaw improving home demand and 56 improving exports.

While lack of orders is still the main reason why production is restricted, 28 companies, significantly more than last time, gave shortage of labour as the chief obstacle.

These uses could include some where wool is the minority fibre, as long as there is evidence that use of the symbol will create a new or larger market for wool.

The secretariat, funded by wool-growing countries traditionally has been wary about extending promotion to blends of wool and man-made fibres. For fear this could weaken the 100 per cent. wool market for 100 per cent. wool garments.

Whereas this policy has risks and a light machine gun, worked very well in the men's field, where the wool mark ammunition.

Promotion scheme gives more support to wool blends

BY RHYS DAVID

A MORE flexible wool promotion policy to allow greater support to be given to blends of wool with synthetic fibres has been devised by the International Wool Secretariat.

The secretariat, with headquarters in London, has been using a wool blend mark symbol for some time alongside its larger market for wool could be gained through increased promotion of wool-synthetic garments. Household textile implications also are understood to be under consideration.

Dr. Laxer said yesterday that there was no intention on the part of the secretariat to reduce the amount of promotion put behind the wool mark which would remain the cornerstone of strategy for stimulating wool consumption.

About two-thirds of wool used goes into products made of 100 per cent. wool.

Nato to test arms system

A NEW infantry weapons system developed for the Defence Ministry at the Royal Small Arms factory, Enfield, Middlesex, will be tested in Nato trials.

The new system comprises a rifle and a light machine gun, both of which fire 105mm ammunition.

£150 MILLION

A huge investment has been necessary to bring the benefits of gas from the southern North Sea home to Britain. Offshore, in terms of exploration, development and production, and on land, in building a nationwide gas transmission system and in converting every gas appliance in the land to burn the new fuel. And investment is continuing on a massive scale to bring home gas from the new fields in the northern North Sea and to secure further supplies for the future.

In fact, the investments planned over the next five years amount to no less than £1,500,000,000.

The future plans of British Gas are designed to ensure that, by using natural gas logically, Britain gets the maximum benefit from this huge investment. And that gas continues to make the fullest contribution to the economic well-being of the nation well into the 21st century.



BRITISH GAS

GAS-DOING A GREAT JOB FOR BRITAIN.

ECONOMIC NEWS

Retail sales fall back after Budget boost

BY MICHAEL BLANDEN

THE LEVEL of activity in retail shops has dropped back again after the temporary boost given by the Budget reductions in VAT.

The Department of Industry's provisional estimate of the index of retail sales for May is 105.5 (seasonally adjusted), 1971 = 100.

This takes the figure back to the depressed level recorded in the second half of last year. Recent erratic movements in the statistics have made it difficult to pin down the underlying trend. But the feeling in Whitehall is that there has been little basic growth.

Similar views are held in the retail trade itself, where the Retail Consortium, representing the bulk of the business, is fairly sanguine about the outlook.

It is expected that activity will remain depressed, with perhaps temporary boosts from events such as the summer sales, at least till the end of this year. No firm recovery is looked for until spring next year.

A slow growth in retail sales would be in line with the

	RETAIL SALES VOLUME (Seasonally adjusted)
1975 1st	111.3
2nd	108.9
3rd	105.5
4th	105.8
May	103.7
Dec.	107.0
1975 1st	107.3
Jan.	109.8
Feb.	107.1
Mar.	105.5
Apr.	108.5
May	105.5*

Provisional. Source: Department of Industry.

have shown two brief periods in which there has been an upsurge in sales. In January and February, business benefited from the impact of the relaxations in HP terms at the end of last year and from the exceptionally good January sales.

Again in April there was a temporary boost which largely reflected the Budget cuts in VAT rates. There was a sharp rise in sales by durable goods shops and there was also an increase in sales by food shops.

These movements appear to have been reversed last month, and though there are no details available yet of the breakdown of the sales figures, indications are that both durable goods and food shops saw a decline.

Even if the last two months are taken together to iron out these movements, the level of sales was running little more than about 1 per cent higher than in the second half of last year.

Over the latest three-month period, the volume of sales was some 1½ per cent. down on the previous three months.

Depression in the retail trade has been increased by the apparently temporary effect of the VAT reductions. Sales of the goods affected fell back again after only one month.

Aside from the recent fluctuations, it has been unusually difficult to interpret the provisional figures in the last few months because, according to the statisticians, they are more usually subject to error because of relative price movements.



Sir Harold Wilson after his investiture at Windsor Castle yesterday as Knight of the Garter.

Yorkshire areas say they are neglected

BY ROY HODSON

PROTESTS AGAINST the recently-published economic strategy of the Yorkshire and Humberside Economic Planning Council are mounting in parts of the region which feel they are being neglected in favour of areas of proposed new growth.

The Kirklees and Calderdale metropolitan councils are urging Mr. Peter Shore, the Environment Secretary to reject those parts of the new strategy which relate to the wool textile areas of West Yorkshire.

The two areas, whose population is more than 0.5m., have sent Mr. Shore a statement of claims. But the regional strategy does not aid understanding of the serious problems facing the wool textile areas.

The councils say that they are experiencing a big decline in employment, a drift of young people from the areas, a break-up of the formerly close communities and depressed activities in the service sectors because of low wage levels, a poor

housing programme, and the depletion of many resources and facilities.

The day-to-day lack of industrial investment and profitability in West Yorkshire and say there is an increasing need for more Government support for the local authority services.

Mr. Shore is told that the wool textiles areas seem to have been "strongly forgotten."

The two councils condemn the regional economic strategy because in their view it does not try to tackle the problems of both districts. Instead it ignores the importance of trends which are leading to the polarisation of development round the main cities of the region.

If these areas are accepted by the councils, the textile areas are committed in a future to derelict communities as people in the economically active age groups move out.

BALANCE OF PAYMENTS CURRENT ACCOUNT (£m. seasonally adjusted)

	Exports	Imports	Visible balance Trade in goods	Invisible balance	Current balance
1974	15,885	21,159	-5,264	+1,653	-3,611
1975	18,772	21,972	-3,200	+1,500	-1,700
1975 Quarter 1	4,532	5,382	-850	+384	-466
Quarter 2	4,479	5,160	-681	+321	-360
Quarter 3	4,635	5,621	-986	+415	-571
Quarter 4	5,126	5,809	-683	+380	-303
1976 Quarter 1	3,441	5,911	-170	+410	-60
1975 December	1,761	1,948	-185	+127	-58
1976 January	1,777	1,974	-197	+137	-60
February	1,751	2,004	-233	+136	-117
March	1,913	1,933	-20	+137	+117
April	1,948	2,211	-263	+130p	-133
May	2,014	2,356	-342	+130p	-212
1975 December-February, 1976 ...	5,289	5,924	-635	+400	-235
1976 March-May	5,876	6,500	-625	+397	-228

p = projections.

BANK FOR INTERNATIONAL SETTLEMENTS' ANNUAL REPORT

Western world's recovery well advanced

ESTIMATED SOURCES AND USES OF GOLD

(metric tons)

ITEMS	1971	1972	1973	1974	1975
Production	1,230	1,165	1,095	995	930
Estimated sales by Communist countries	90	200	330	150	150
TOTAL	1,320	1,365	1,425	1,145	1,080
Change in Western official gold stocks	-100	90	-40	-30	-50
Sales on the free market*	1,420	1,275	1,465	1,175	1,130

*Residual figures.

set against the international background.

The present international monetary system is characterised by a striking absence of strict rules for either balance of payments adjustment or the creation of international liquidity.

The fight against the polarisation of the industrial world into groups of countries following divergent paths will be successful only if there is a measure of co-operation between national policies and if a certain degree of exchange stability becomes a recognised objective.

For the result would be an increase in money supply, quite compatible with containing inflation over the long term.

On the other hand, the monetary authorities might run a steady, moderate rise in money supply, thereby running the risk that private spending might be diverted by budgetary and monetary expansion.

The inherent risks of avoiding the extreme form of co-operation or stabilisation policies. The practical conclusion is that policy restraint should not be exercised by countries whose currencies are under strain—and that those countries could then be followed rather than proceeded in such policy measures by the United States and Germany.

What rôle can managed floating play in helping to stabilise exchange rates? If the "management" of floating is defined in the narrow sense—that is, as central bank intervention in the foreign exchange markets—it is success over the past few years appears to have been very limited.

Targets

The high degree of interdependence between industrial countries in terms of both trade and capital flows makes practically impossible to resist exchange rate movements which are unsatisfactory levels.

The success of the British policy since last August, and the probability that it will continue for another year seems to confirm that real breakthroughs can still be accomplished in the meantime.

First domestic policies appear even more desirable if the current fiscal upswing, the likely resurgence of inflationary pressures and the need for increasing capital formation are

so long as the monetary targets of the European countries remain widely divergent, so long as public-sector deficits vary considerably from one country to another, so long as large settlements occur at vastly different rates, notably will believe that by the external assets and liabilities of the eight reporting European countries—continually narrowly defined—measured

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Scientists 'do not understand economy'

By David Fishlock,
Science Editor

SCIENTISTS and teachers do not have much sympathy with or understanding of the economic problems of the nation. Mr. Fred Mulley, Secretary of State for Science and Education, said in London yesterday.

He was giving details of his department's spending on science this year, which would total £260m., including research commissions from other Government departments amounting to £44m.

Achievement

The science budget was about 2 per cent. more in real terms than last year. Although well below the level of annual increase of the 1960s and early 1970s, we believed that, considering our present economic difficulties and the many other claims on our resources, even this small advance is something of an achievement.

His Advisory Board for the Research Councils had impressed on him that it was in the national interest that more should be spent on basic science as soon as the country could afford it. He was in sympathy with this view.

For the moment, the advisory Board had adopted a policy of encouraging growth in the smaller sectors of science at the expense of "big science" and costly instrumentation.

The broadcasting company agreed in the High Court letter of retraction and apology yesterday to pay £100 damages to Mr. Milne on January 26, to Mr. Edward Milne, former which was widely published.

Mr. Ryman, present Labour MP for Blyth Northumbria, agreed to apologise to Milne in open court to pay

"a suitable sum" as damages, which remained in i

Mr. Ryman suggested that Mr. Milne was malicious and had carried on a " vendetta" against him.

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Job invites



We were good for them, too.

This is what Arthur Guinness's senior project engineer, Edgar Hooper, said about Laing on the Guinness Runcorn project:

"After we had finalised the plans for the Runcorn project we were still concerned about the effects of cost escalation and delays in completion. That's what attracted us to the Laing Target Contract. It gave us some guarantees and, as it turned out, we were ready to go at least six months earlier than we would have been had we used traditional methods."

As the name implies, a Laing Target Contract binds us to a contract price. If we go over the top we have to find the extra funds ourselves. If we come in under target price, we split the difference with the client.

At Runcorn, we met the target cost. And, as Mr Hooper

confirms, we also beat the target date by at least six months.

It may have helped that prior to Runcorn, Laing had built over 20 breweries. But, more important were the people who worked on the project.

At Laing, we believe implicitly in person-to-person service. It makes for a better job and a more satisfied client and goes down well with organisations throughout Britain and the world.

If you'd like to know more about us, the work we've done and what we could do for you, please write to Gordon Ratcliffe, John Laing & Son Limited, Mill Hill, London NW7 2ER. Or phone him on 01-908 5555. Telex 263271. He will be able to answer your questions and give you information on our UK and international construction and engineering capabilities.

LAING
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Jill Nichols

New. The BMW 3.3 LiA.

There's no need to shout.

There are perhaps ten cars left in Europe with the true grand manner.

At least half of them make no pretence of retaining the common touch. Official, impersonal, they evoke admiration, but not love.

But a tiny handful of cars combine luxury, comfort and authority with a warm, inviting personality. And of these, the BMW 3.3 LiA is the most considerable.

It is, of course, a large and very powerful car. The bonnet hides a highly-sophisticated 200 BHP fuel-injected engine, driving through a three speed automatic gearbox. Its top speed exceeds 124 mph. It reaches 60 mph in 10 seconds.

But it doesn't proclaim these qualities from the rooftops. To know, you have to know.

And anyway, statistics give you no measure of the car's quality. It's a driver's car. It handles like the BMW it is. The steering-wheel adjusts. The driver's seat adjusts for height, as well as angle and front-to-rear position. The double halogen headlights

have their own wash/wipers. It has power steering; ventilated disc brakes; and the instruments that turn driving into a science, as well as an art.

But it's also a passenger's car. Heating, reading lights, cigar lighter, head restraints, safety belts—they're all built in to the rear of the 3.3 LiA, as well as the front.

Air-conditioning is standard.

Electrically-operated, the windows are tinted to control temperature and glare. The stereo radio has three loudspeakers and an automatic aerial. And of course, there's a great deal of room.

There's space for a telephone.

But the list is endless. Everything a car needs, the 3.3 LiA carries.

As with all BMWs, words and pictures are not enough. The 3.3 LiA invites a meeting. Acquaintance ripens into a friendship that lasts a lifetime.



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uton (56622); Ivor Holmes

North
Tunbridge (2272); Hungerford Garages
Fareham (37611); Alfred Garage
Reading (586566); Vincents of Reading

Nottinghamshire
Lenton Cross (67634); Blinds Garage
High Wycombe (Maplin) (2682); Hungerford
Motors

Cambridgeshire
Tunbridge (52694); Murkett Brothers
Evesham (66173); Sycamore
Cambridge (2287); Magpie Garage

Shropshire
Shrewsbury (410404); Red Rose Motors
Shrewsbury (41121); Harry W. Dodd

Gloucestershire
Clevedon (52525); Blue Bell Garage

Devon
Tiverton (52557); SMT Sales & Services

Cornwall
Penzance (713305); Mike Bennett
Motors

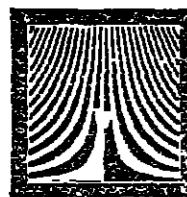
Dorset
Dorset (52501); SMT Sales & Services

Derbyshire
Derby (52424); Auto Motors

Devon
Exeter (525707); Pauline Garage

Essex
Colchester (52525); SMT Sales & Services

Essex
Colchester (52



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOUTERS

POWER

Thorn expands generator repairs facilities

THE LONDON facilities of metal boxes and the welding of Dynamo and Motor Repairs has cracked frames where this is been doubled by the opening of practicable.

A 14,500 square feet factory at DMR at Acton is one of the few U.K. repair companies that can make and test coils for rotating plant up to 23 kV.

Included in the newly installed equipment are three hot presses that form and cure the insulation on the slot portion of JV rolls, coating with cold sides up to eight feet long.

The investment at Acton forms part of a larger plan for Thorn's repair group involving the spending of a further £100,000 over the next year or so covering the provision of a new laboratory for Type and Wear Electrical at East Bond near Wokingham.

In addition the Wokingham laboratory is undergoing renovation. Enquiries to Wokingham Park Works, North End Road, Wokingham, Berks RG9 0LR (01-932 1211).

COMMUNICATIONS

Simplified camera for divers

AN UNDERWATER television and communications system that can be used by divers in search or helping breathing equipment has been introduced by Marine Unit Technology.

Main advantage of the system is that it can be used by personnel who have had minimum of training, and the emphasis has been on rugged construction and simplicity of operation throughout.

A key design feature is the corrected water-vuvel optical system giving an angle of view greater than 90 degrees. Combined with a 2/3 inch video line it gives an exceptionally large depth of field and obviates the need for a focus control. The wide angle also means that the diver does not have to hold the camera quite so still as with more customary lenses; he simply points it and has no controls to set.

The system is completed by a surface control unit, video tape recorder and a diver-to-surface audio link. All the signals are taken to the surface by a single multi-core cable via a wet mechanical connection on the back of the camera itself. More from the company at 3 Friars Lane, Richmond, Surrey TW9 1NL (01-940 5882).

Telephone accounting

P & O GROUP is now fully operational with a TIGER telephone accounting unit, manufactured by Minster Automation.

TIGER (Telephone Information for Evaluation and Review) uses a DEC PDP-8 minicomputer to record information about each call on the 300 exchanges and private lines and 1,200 extensions at P & O's London establishments at P & O Building, Beaumont House, St. Helen's Place and Three Quays.

Information recorded concerns mechanical details such as duration, length of call, cost, etc. but it does not record speech, voice quality, computing.

DESIGNED for the data communications market by Hewlett-Packard is the 3779B telephone line analyzer, the purpose of which is to assess the quality of lines used for high speed data transmission.

The hydraulic system enables concrete to be pumped continuously up to 60 feet vertically and 100 feet horizontally (or 250 feet horizontally only), depending on the mix and the pipeline diameter—output diameter is 4 inches. Powered by a 14-hp ST30 b.h.p. air cooled diesel, the unit can be vehicle or trailer mounted or with a self-contained power unit.

Such measurements are needed because although the various transmission distortions might have little or no effect on the system, they can easily cut a concrete placing boom.

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ROYAL ACADEMY OF ARTS, SUMMER EXHIBITION, Wednesday 10-5, Saturday 11-5, Sunday 12-5, 10 June-30 June. 30, Cork Street, London W1.

MICHAEL ANGELO AND OTHER TREASURES IN THE LIBRARY, 10, Queen Anne's Gate, London SW1. Tel: 01-528 6176.

HENRI MATISSE—Paintings and Drawings, Victoria and Albert Museum, London SW1. Tel: 01-528 6176.

MARJORIE PARK GALLERY, 223 Kings Road, Chelsea, SW3. JOHN PIPER, 10, Gloucester Place, London W1. Tel: 01-528 6176.

THE PARKER GALLERY, 2, Albemarle Street, Mayfair, W1. Tel: 01-528 6176.

THE ROYAL ACADEMY OF ARTS, SUMMER EXHIBITION, Wednesday 10-5, Saturday 11-5, Sunday 12-5, 10 June-30 June. 30, Cork Street, London W1.

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THE VICTORIA AND ALBERT MUSEUM, 10, Cromwell Road, London SW7. Tel: 01-528 6176.

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FINANCIAL TIMES SURVEY

Tuesday June 15 1976

J. M. L.

GREECE

Greece has found a measure of stability since the fall of the military regime. But the Government is faced with serious foreign policy problems involving Turkey, Cyprus, NATO and the EEC. It is seeking rapid economic growth but industry is uncertain about the future role of the State in a mixed economy.

demonstrators and bystanders hellenic Socialist Union fished in the troubled waters. Frightened, the main opposition party, Mr. George Mavros' Union of the Democratic Centre, and the rather tame General Confederation of Labour advised the men to return to work.

An understanding of what happened and why is central to any assessment of how well established Greek democracy is under the parliamentary régime of Mr. Constantine Karamanlis and his New Democracy group, some two years after the disintegration of the Ioannides dictatorship in the confusion of the Cyprus war.

On the first day of the strike, which had been called by the two best organised unions, those of the bank clerks and of the 'public' services, police held back. The reason may well have been that their officers did not wish to be tarred with the junta brush which Greeks bring out all too readily to denounce their opponents as supporters of the erstwhile military dictatorship.

Subsequently, confronted with barricades, stone throwing, and small fires raised in the streets, the force went over to the attack. Independent observers came to the conclusion that excesses, and excesses there were, can be explained largely by bad training. It takes a very well disciplined force not to lose control under such circumstances.

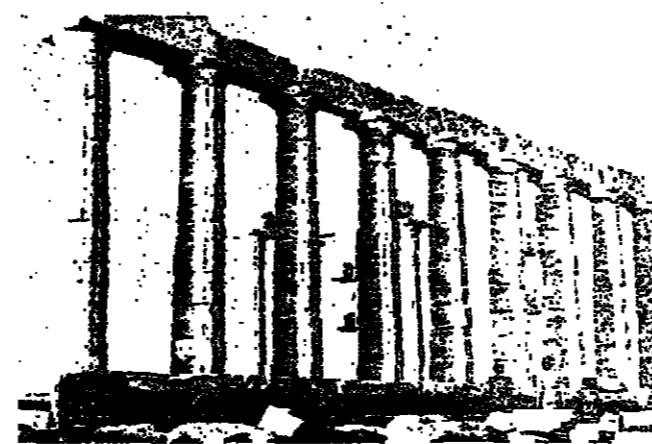
Agreement

That leaves the question as to who and what was behind the riots. There is widespread agreement that initially the strike was legitimate. It even eventually, a reversion to police violence associated with earlier regimes. The plural is important: not only under the military a widely spread consensus that political allegiances are

achieved some of its objectives since the bill was made less restrictive. But according to me, for the simple reason of association.

But Greek politics can swing violently from extreme to extreme, from the simple reason of association.

That being so, the Karamanlis Government of 1967-74 have agitators to the left of Mr. Andreas Papandreou's Pan-



Sounion: an attraction for tourists who boosted Greek invisible receipts by \$621m last year.

the end of the year. Evidently years, but it still has a long way to go before it can match ours. The Federation of Industrialists bears heavily upon these divisions prevailing in the Nine. Some closely involved has calculated that productivity said that as to 80 per cent, in Greece would have to rise Greece is within NATO by 8.7 per cent, a year to match although it is not the sort of that in the EEC by 1985. That thing that should be said too will take a lot of doing.

On the official side it is

Navy anchorages in the Aegean, the EEC and Greek economies which would have to be moved is much the same as that between those of the Six and or Ireland when that country joined. It is also argued that

The entire problem is aggravated by the chronic confrontation with Turkey. The Turks

claim rights to air control and that 36 per cent of the population (compared with 10 per cent in the EEC) is rural. That

Sea which, on the face of it at least, international law leaves to Greece by virtue of its possession of the island. There is little doubt that if the Turks

push the matter too far, Greece will fight back, although

equally there is reason to suppose that the Turks do not really

wish to reach the *casus belli*. In the meantime, Greece is spending almost 25 per cent of its budget on defence, a very heavy burden indeed.

The dispute with Turkey is also complicating the whole matter of Greek accession to the EEC. Athens gave notice that it was leaving the military organisation of NATO.

Three principles have since been set out, in peace time

Greek forces are under Greek command; in war they fight as members of the alliance; in the meantime arrangements have to

be discussed to ensure the smoothest possible transition, in need, from the first to second condition. They must cover things such as advance warning systems and planning, and are

expected to lead to success by

BASIC STATISTICS

Area	50,944 sq. miles
Population (1974)	8,966,000
GDP (1974)	Dr. 593.3bn.
Per capita	Dr. 66.216
Trade (1975)	Dr. 172.8bn.
Imports	Dr. 74.3bn.
Exports	Dr. 117.21m.
Imports from U.K.	£117.21m.
Exports to U.K.	£65.24m.
Currency = drachma	£1 = Dr. 62.83

ing special attention to the exploitation of Greek natural resources and their processing before export. The purpose is to make use of those advantages that Greece will have in the EEC, including what still is relatively cheap labour, even though it is becoming annually more expensive. Yet even an admirer of Greece and her ways will admit that though much has been achieved, much more remains to be done.

There is food for thought about Greece in a sight to be seen close to the centre of Athens, where the U.S. Embassy building is surrounded on three sides by a high, spiky iron fence intended to keep out demonstrators who in the past have occasionally attacked the building. Why is the fourth side as yet unprotected? Have the Americans decided that the danger has receded? Did the Greek contractor make some sort of mistake? Did he feel that it was unpatriotic to defend the Americans? Is it a Maoist plot or a piece of CIA deviousness? Who knows?

Overhaul

An overhaul of the administrative machine is at least as important as that of industry and farming. Its red tape and chronic inefficiency have caused a well known U.S. businessman in Greece to sigh that it might be simpler if the very liberal

matter of Greek accession to the EEC. Athens does not accept that the two matters are

related, but the Nine are unlikely merely to overlook Turkish susceptibilities. Besides, the

financial burden of defence is also complicating the whole matter of Greek accession to the EEC. Athens gave notice that it was leaving the military organisation of NATO.

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GREECE II



GENERAL
HELLENIC BANK S.A.

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Economy needs broader base

THE POOR and the unemployed are out of sight: walk the teeming shopping streets of central Athens and you would not guess that Greece is just recovering from its severest recession in many years. Ask about unemployment and people will shrug their shoulders, and then say there isn't any.

Nor is there much. The unemployed have gone to work abroad, melted back into their villages, found a part time job, or doubled up with members of the family. There may be no unemployment worth mentioning, but as ever there is plenty of underemployment: The seller of lottery tickets testifies from a pole which he carries through the city traffic, the flocks of maids in the better hotels doing a job that one woman does in a modern hotel in western Europe, the charter of bank clerks triple checking every bit of paper, the villagers hanging around the streets as the day cools off.

More than one-third of all jobs in Greece are in agriculture, but it supplies only 17 per cent. of GDP. That is one side of the fundamental Greek economic problem. The other is that commerce and industry, despite the existence of a few big groups and the widespread influence of the banks, are conducted very much on a family firm basis by men who wish to remain masters in their own house. The last thing they want is to become too big for fear that their independence might be jeopardised by the need to seek outside capital.

In other words, pre-industrial attitudes are widespread, which is not to say that local processing at business, or Greeks are bad at business, or Greeks workers inferior. Far investment has to be encouraged.

The sums involved are greater than private Greek enterprise is likely to find, quite apart from the cyclical slowdown of industrial investment which could be about to end. As regards foreign investment, it has been an important ingredient of Greek economic pro-

GROSS DOMESTIC PRODUCT
(percentage by sector at 1958 prices)

Sector	1969	1970	1971	1972	1973	1974
Agriculture*	18.3	18.3	17.4	16.2	14.7	16.9
Industry†	33.4	34.0	35.0	36.5	37.8	35.6
Services and others	48.3	47.7	47.6	47.3	47.5	47.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

* Includes agriculture, animal breeding, forestry, fishing, and water works, construction. † Provisional.

Source: Bank of Greece, Monthly Statistical Bulletin.

centuries, that there stem the gress for at least 20 years and hence is treated with considerable liberality.

But there has been a noticeable change since the advent of the Karamanlis Government two years ago. Public opinion would no longer tolerate the attitude of the dictatorship which welcomed foreign investors with open arms without much attention to the real value of what they were doing for the national interest. The change is apparent from the statutes of the newly founded Industrial and Mining Corporation, owned by a bank consortium under strong Government influence, to provide venture capital in partnership with foreign or Greek entrepreneurs. These statutes

say that the foreign partner will be restricted to a 50 per cent. shareholding, and company policy in fact will reduce it to a maximum of 49 per cent.

The Corporation is intended to be profitable. It is not intended to apply criteria of "social desirability" in selecting investment projects. Nor is it intended to be a lifeline for the rescue of unprofitable companies, a task that has reduced the efficacy of similar institutions founded in the past. Whether the Corporation will be able to disentangle itself from the red tape that traditionally distinguishes the public administration.

Although the five-year plan does not as yet exist, the main objectives are known. A real annual growth rate of 6 per cent. is hoped for and a change of emphasis is to be achieved within investment patterns. Industrial investment, it is hoped, will rise from 20 to 25 per cent. of all investment, and housing, the traditional savings medium of the bourgeoisie, will fall from 30 to 20 per cent.

It must, however, be added that during 1976, nominally the first year of the plan, the cyclical auguries are not favourable. The 5 per cent. growth which the authorities hope to achieve this year will come from the sharply reviving tourist trade, from private consumption, and from state consumption, which to a large extent means defence.

The value of a tourist trade, especially in economies not fully developed, is a matter of controversy, but for reasons of employment and of external payments Greece does need tourists. Tourist receipts this year are expected to total something like \$1bn., sharply higher than the \$621m. taken last year. Given the structural import surplus, the contribution of tourism to the invisible surplus is indispensable.

Few guesses have been made on how to overcome this difficulty. A not uncontroversial private paper by a Greek economist suggests that \$2bn. over a six-year period would be needed, of which a quarter could be found locally. The rest would have to come from abroad, including \$1bn. from the European Investment Bank. These figures are not accepted by Greek officials, but they do not appear as yet to have come forward with their own calculations.

In pressing for an early start to negotiations on full membership the officers do, however,

that will require a serious urgency which has not been evident.

Oddly enough the cultural policy may cause problems that might appear at first sight. Partly this is due to fruit and vegetables Greece come onto the market earlier than those from Community orchards because the Greeks say ready to let the market shaken out, and partly the quantities involved are enormous. A table in the mission's paper shows Greek accession will not a product to the list of those which the Community is than self-sufficient now.

Both on political as economic grounds, the put themselves forward bridge for Europe to the rich Arab states. There is evidence to support this. That dispute delayed the opening of negotiations for Greek membership and provided a possible forecast of what may occur once they have begun in earnest. The Greeks may be right to say that technically there is no reason why talks should not be concluded within one year, with another year or two for ratification. But

W. L. Luet

INDUSTRIAL GREECE 70

An Exhibition of National Production
IN ATHENS—AT THE ZAPPEION HA
3-8 DECEMBER, 1976

Under the auspices of the Ministry to the Prime Minister's Office and the Chairmanship of President of the Athens Chamber of Commerce, Industry.

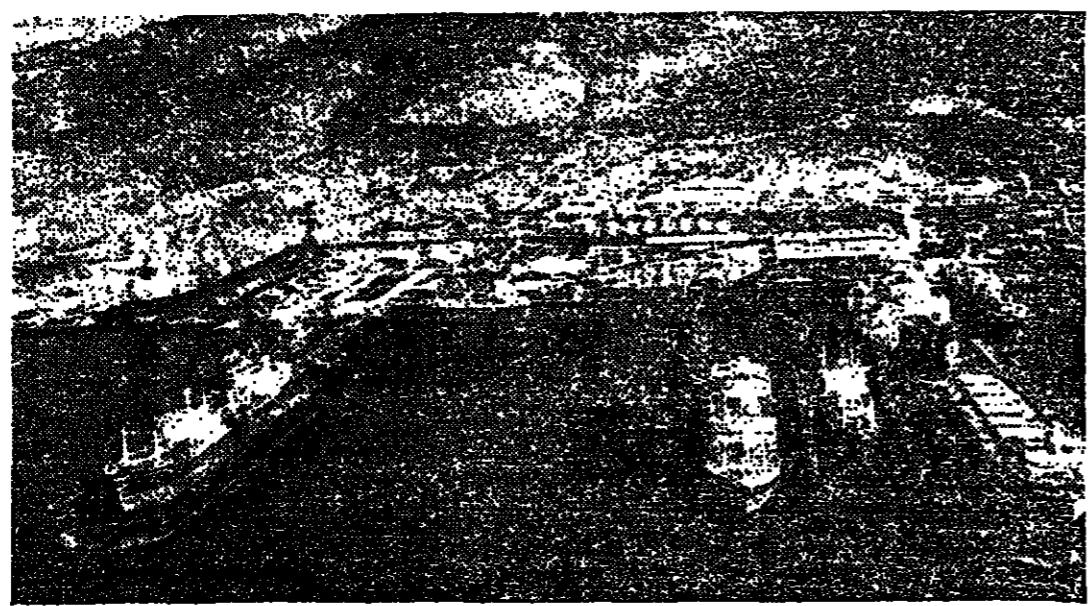
Honorary Chairman: The President of the Association of Greek Industrialists.

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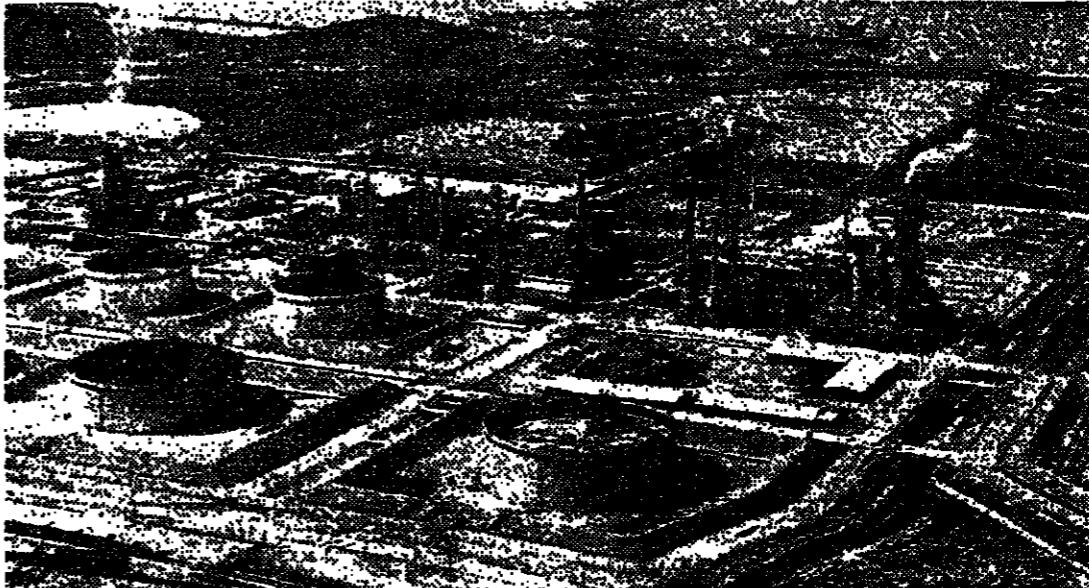


HELLENIC SHIPYARDS CO.

The Niarchos Group's Hellenic Shipyards Co. is the largest shipbuilding and ship repairing concern in Greece with modern installations at Skaramanga, near Piraeus.

Skaramanga Yard is presently building a series of seventeen 37,000-ton bulk carriers of which eleven have already been delivered. The Yard has also recently completed orders for five 30,400-ton products carriers and twenty-seven 15,000-ton SD 14 cargoes, of which six were modified versions for the liner trade. Yard designers have now completed plans for the HS-Liner, details of which are available on request.

The Yard's drydocking facilities (three floating docks with capacities ranging from 45,000 to 72,000 t.d.w., one 250,000-ton graving dock and a 500,000-ton graving dock under construction) plus well-equipped plate and machine shops have gained for Skaramanga a reputation for quick, efficient and reliable service to vessels of all types.



HELLENIC ASPROPYRGOS REFINERY

Another of the Niarchos Group's activities in Greece is the operation of the country's largest oil refinery at Aspropyrgos with a refining capacity of 105,000 bbls. per day. This capacity was attained last February on completion of various expansion works and provision has been made for a further increase in production capacity, if necessary, to cover Greece's total requirements in petroleum products.

Hellenic Aspropyrgos Refinery is situated on the Bay of Eleusis, near Hellenic Shipyards at Skaramanga, and has a highly organised network for the distribution of its products to consumers by sea, rail, road and pipeline. Extra-special precautions are taken to prevent pollution of the sea and the atmosphere with the proper equipment and an automatic alarm system.

Together with Hellenic Shipyards, it is an important contributor to the country's economic and industrial progress.

Jeffreys

GREECE III

Foreign investment

REAL SCOPE exists for foreign investment in Greece. It was first enacted in 1953. Law Decree 2687 of 1953 covered primarily the securing of property rights, maintenance of a steady status quo, preferential tax treatment, and the right to remit abroad invested capital, profits, and interest earned by foreign investors from foreign capital in Greece as a result of adverse political trends elsewhere.

An unspecified number of international companies have recently transferred their regional headquarters from Britain to Athens and foreign managers are openly discussing reeds as a possible investment alternative in case Italy turns elsewhere.

The present Karamanlis Government is on record as welcoming foreign investment, very much as the previous Karamanlis administration have in any other country's constitution since the 1950s. But economic conditions have radically changed since then and for economic and social development authorities are keen to accept foreign business capital. It is recognised that without it, they are right. They are more selective in approving foreign investment and are tougher in negotiating investment contracts and marketing techniques.

Legislation providing for protection and guarantees to foreign capital invested in the Union of the Democratic

Centre is on record in favour of foreign capital, provided it is invested under terms and conditions that safeguard the national interest. Furthermore, Greek industrialists have also publicly welcomed foreign investments which truly contribute to the country's development, and which do not compete with local industry but seek to co-operate with it.

The 1975 Constitution contains a provision whereby certain foreign investment deals concluded by the military between 1967 and 1974 could be revised by mutual accord. Investment accords pertaining to the registration of ships under the Greek flag were excluded from such revision. The idea behind this provision was that the military regime, which has since been formally branded as illegal, concluded certain deals with Greek as well as foreign interests likely to be regarded as running counter to the Constitution and the laws, or containing favouritist provisions or provisions violating good faith or otherwise detrimental to the interests of the State, the consumers or the national economy.

Some confusion was caused among foreign investors when a law was passed, without dissent,

by Parliament last August, empowering the Minister of Co-ordination and Planning to identify investment deals of the 1967-1974 period that required revision in whole or in part. He was given a three-month time limit during which to advise interested parties to negotiate such revision.

The law specified that whatever the outcome of the revision negotiations, the investors' original right to remit abroad capital and any profits or interest on loans, in accordance with L.D. 2687, must not be affected adversely.

When the three-month time limit expired on November 28, 1975, it was understood that about 15 investors had been invited to renegotiate their investment terms, though not much publicly was thereafter given to such developments.

It has been announced that negotiations were completed for mutually agreed revisions of contracts with Oceanic Exploration, which struck oil off Thasos island in the North Aegean sea, and with Nestle Alimentaria, which has set up a milk and dairy plant in Northern Greece. It is obvious that such contract revision involved considerable give-and-take on both sides.

Since 1953, about 1,200 applicants have received permission to invest about \$3bn. under the foreign investment legislation.

It is estimated that a little more than \$800m. of the total approved has been actually imported in foreign exchange or machinery, plus about \$250m. worth of civil aircraft imported mostly under lease.

More than half of the total funds were imported before the military coup in 1967 and involved, in particular, a refinery-petro-chemical complex near Salónica and an aluminium-aluminum plant in Central Greece. About 70 per cent of all investments were in manufacturing activities, with U.S. companies heading the list, followed by French, Swiss, German, British, Italian and Dutch concerns.

In recent years, imports of foreign capital in forms other than straight business investments, that is to say outside the framework of foreign investment laws, have been on the increase. These include deposits in foreign exchange, funds for the purchase of real estate, and funds imported by service shipping or transportation companies.

Greek legislation provides investors with a whole array of tax credit and export incentives, particularly for manufacturing plants in provincial areas. But more than that, raw materials, principally minerals and petroleum expected to be pumped by 1978, and an adequate labour supply, provide further advantages for investors. Greek workers are easily trained for practically any skills, while wages, despite recent rises and relatively high fringe benefits, are still well below those paid to West European workers.

What is significant, however, is that Greece's new democratic image plus a strong Government majority in Parliament provide a stable political climate in a troubled world.

Inflation has been checked to the level of 10-12 per cent annually, industrial production has picked up again, and the gross national income is expected to rise by about 4 per cent this year.

However, despite the impressive rise in living standards in the past 25 years, Greece with its 8m. inhabitants still provides a rather limited market for large-scale investment. But taking advantage of Greece's ambitious foreign policy orientations, the country can provide a potential base for wide-scale export operations. Greece's three-fold orientation is directed toward the EEC, the Balkans, and the Arab Middle East. As far as EEC is concerned, Greece is pressing hard to become the Community's tenth member, while it has already sponsored a Balkan conference on technical and economic co-operation that could become the prototype for even closer contacts in the future. As regards the Middle East, Greece's ambition is to become a regional business base as well as a trade and investment bridge between the West and Arab countries.

In fact, investment applicants now being selected for approval are those promising a high export performance and a high local content of raw materials as well as labour. Also favoured are those investments that introduce new technology, train Greeks in modern technical and managerial skills and, in general, improve productivity and promote economic development. Although standing regulations place no nationality restrictions, joint ventures with local interests are now definitely favoured over operations wholly owned by foreign concerns.

A. M. Economides

A Correspondent

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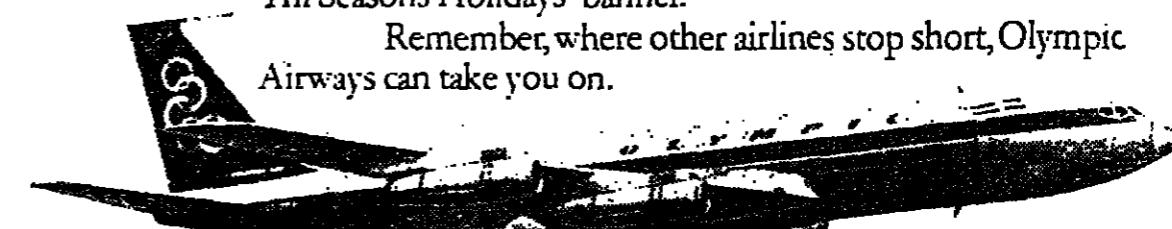
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Athens, clustered around the hill of Lycabettus.

Banks offer easier credit

THE SPECTACULAR rise of private deposits last year has on deposits to a greater extent than enabled Greek banks to adopt on credits eased the pending loans in drachmas. The more liberal credit policy and sure on banks' profit margins, balance is covered by a government subsidy. The obvious purpose of these loans is to increase available funds for productive investment.

Private deposits in drachmas increased by 33 per cent. In 1973 against a rise of only 20 per cent in 1974. As a result, interest rates were lowered last October from 9 to 7.5 per cent in drachma savings deposits with commercial banks and from 10 to 9 per cent on deposits with a three-month notice of withdrawal. Interest on bank deposits is tax-free in Greece.

Meanwhile, interest rates on bank credits were also lowered, although to a smaller extent. Thus, the general rate for credits to industrial, handicraft and hotel enterprises for working capital was lowered from 13 to 12.5 per cent. The rate for the same enterprises for fixed assets was brought down from 11.5 to 11 per cent. There is also a low rate of 9 per cent (lowered from 9.5 per cent) for financing exports, for technical companies undertaking studies of projects abroad and for shipbuilding companies for working capital. Finally, a new high rate of 14.5 per cent instead of the previous 15 per cent is applicable to import and domestic trade and to private consumers. These rates are inclusive of bank commissions.

Pressure

Bank financing increased last year by 23.5 per cent, mostly to the private sector. Manufacturing and mining accounted for about one half of total private financing. The liberalised credit policy took the form of financing, without quantitative limits, of exports, manufacturing for investments and handicrafts for working capital. At the same time, higher limits were accorded to farm credits, while housing loans, restricted in financing of productive investments (in fact, the import of capital equipment), on condition that the relevant funds are remitted abroad, were all but removed, enabling enterprises to acquire more funds and revive output.

Last year banks were permitted for the first time to grant goods and services should prove the country's balance of payments position. He forecast that, with the assistance of the Greek merchant marine, Greece could become an important transportation link between Europe and the Middle East.

be borrowed by the banks and

ERGOBANK

Capital (fully paid) Drachmae 800,000,000 (approx. U.S. \$ 23,000,000)

ERGOBANK* was incorporated in November and commenced operations in late December 1975

• It is the first Greek commercial bank to be established in 50 years

• It was created by 1822 businessmen who felt the need for a strong, renovating presence in the closed Greek banking system, especially on the eve of Greece's entry into the Common Market.

Among ERGOBANK's main aims is the introduction into the Greek banking system of services that are not currently available and the catering to the financial needs of small and medium size Greek firms.

* From the classical Greek word "ergon" which signifies work or accomplishment.

Within the first 4 months of its operations ERGOBANK had

Drachmae 1,215,805,000 in deposits

Drachmae 1,447,336,000 in loans

Drachmae 1,060,273,000 in other assets

Drachmae 3,691,717,000 in total assets or liabilities (including guarantees)

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JULY 1976

Tense foreign relations

HE goodwill Mr. Karamanlis has shown as the symbol of the restoration of Greek democracy will give him some standing in western Europe. It was undoubtedly a factor in the EC Council of Ministers' decision to overrule its own commission and propose the

immediate opening of negotiations for Greece's entry. But the Prime Minister has any improvement at all in U.S. relations with Ankara. Greece's new spending of 24 per cent of Turkey's budget on defence. This there has been no progress. Congress may only approve the defence agreement in April has prevented relations with Washington becoming any cooler. The bluest day in the military balance in the Aegean

continued tension over the Greek diplomatic calendar this one agreement might mean interposing the U.S. Sixth Fleet was not spelled out. But it reassured Greece in its impatience about Turkish intentions in the Aegean, and substantiated Mr. Karamanlis' offer of a "no-use of force" agreement to Turkey. It was widely assumed that Dr. Kissinger was the father of this proposal, although Mr. George Papandreou, leader of the Union of the Democratic Centre, the main Greek opposition party, had first mooted it last year. To it, Mr. Karamanlis added a proposal that Greece and Turkey give each other six months notice of major arms purchases. But in the words of officials in Athens, "nothing has been done." Foreign Ministers met in Oslo last month, they agreed that continental shelf talks should resume at Berlin on June 19.

The reason is not hard to find. Greece is the status quo power in the Aegean and Turkey the revisionist. Three issues bedevil Greek politics and in each case the Greeks have, or will have, something that the Turks want.

The territorial waters of the Greek islands already stretch almost to the Turkish coast. International law may soon extend them. At the current United Nations Conference on the Law of the Sea extends territorial waters from six to 12 miles. Present international law also appears to confirm the Greek position that their islands have this new fact of Cyprus life. Whether that is even less so than mere eye. David Buchanan

Shipping waits for better days

MORE THAN 11 per cent. of the Greek flag merchant fleet, one of the largest in the world, is idle. Because of what the National Statistics Service calls "lack of freight, repairs or other reasons," 270 vessels amounting to 2.9m. gross tons were reported laid up at the end of March last. At that time the Ministry of Merchant Marine gave the total number of ships flying the Greek flag as 3,267 of 23.7m. gross tons. With well over a thousand other vessels owned by Greek interests but sailing under foreign flags it is easy to understand reports that more than 300 "Greek ships" are laid up at the present time. As these reports refer only to Greek waters, it is believed that world-wide the total is somewhere between 450 and 500 vessels.

Eleusis Bay, the principal lay-up area designated by the Ministry, is not a pretty sight, with clusters, or in some cases "islands" of laid-up vessels spread around it. Most of them are tankers, but there are some dry cargo ships of various types. For tanker owners there is still no sign of a return to the large scale oil transportation business which they enjoyed in earlier years.

The President of the Greek Shipowners Union, Mr. Anthony Chandris, said recently that in 1975 there was virtually no tanker market and that dry cargo freight was down 40 per cent. compared with 1974. Although for shipping in general 1976 looked like being a difficult year the Greek ship-owner was in a better position to ride out the storm than his competitors, Mr. Chandris said.

He dismissed the idea of unemployment in the Greek merchant service, pointing out that there were around 120,000 Greek seamen employed at present, together with another 15,000 foreign seamen in Greek ships.

Claiming that if anything the merchant marine needs more men, Mr. Chandris has announced a scheme costing several million drachmae to attract young men to a life at sea.

In recent weeks there have been signs of an improvement in the dry cargo market, and more than one owner has been delighted to move a vessel out of lay-up. There is considerably more optimism along the Piraeus waterfront than there was a year ago, although there is still some doubt as to the future of all the bulk carriers now on order.

Floating

Optism is also the order of the day among shipyard and service operators. Accepting delivery of a new floating dock in W. Germany recently, Mr. John Carras said he thought it was too early yet to judge the effect the reopening of the Suez Canal might have on Greek shipyards. But he believes that the Khalikis yard, where the new floating dock will be located, is in good geographical position to secure ship repair business.

Before the Canal reopened there was a lot of ill-informed talk in Greece of the lucrative business that was about to land on the doorstep. The Greek Press used glowing term to describe the golden future, but shipyard executives were more cautious. One yard director, explaining his reluctance to expand facilities, said, "It is not worth the risk. An open Canal means shorter journeys, that means less ships and that means less work."

As the reopening of the waterway coincided with the slump in shipping markets there was not a sudden upsurge in business, but even if there had been, it is difficult to believe that the existing yards would have been able to cope. Including the new Carras floating dock and another not yet in operation there are only 15 dry docks (floating and graving) in Greece and apart from the Goulandris-controlled yard on the island of Syros, all these facilities are concentrated in the Piraeus area. It is precisely

because of the waiting time before a vessel can be docked in Greece that several shipowners, including both large and small fleet managers, have gone into the drydock business.

Official sources have admitted that shipping movements, freight movements and repair businesses in the Piraeus area have not come up to their expectations. The port and its facilities were geared to handle a much bigger increase in business than actually materialised. While there has been an increase in all spheres of activity it has been relatively slight, according to the Minister of Merchant Marine, Mr. Alexandros Papadongonas.

Much has been made locally of the Piraeus port's geographical position, but this reasoning would appear to overlook the competition both from ports with a long tradition of ship repairing as well as the relative newcomers. These include the French, Italian and Spanish shipyards, not to mention those of Malta and Yugoslavia. The fact that freight facilities are not being used as much as expected—it was hoped that Piraeus might become an important transhipment centre—indicates that the port has not proved as attractive as was once believed.

Repairs

As far as repairs are concerned, it is obvious that the owners will be influenced by the vessel's cargo and trading circumstances. While it is true there has been a build-up in freight movements to the Middle East and especially the Gulf Ports, there has also been the disturbing phenomenon of congestion. This development has in turn reduced the number of vessels actually working while at the same time "stranding" them in places where repairs are completely out of the question.

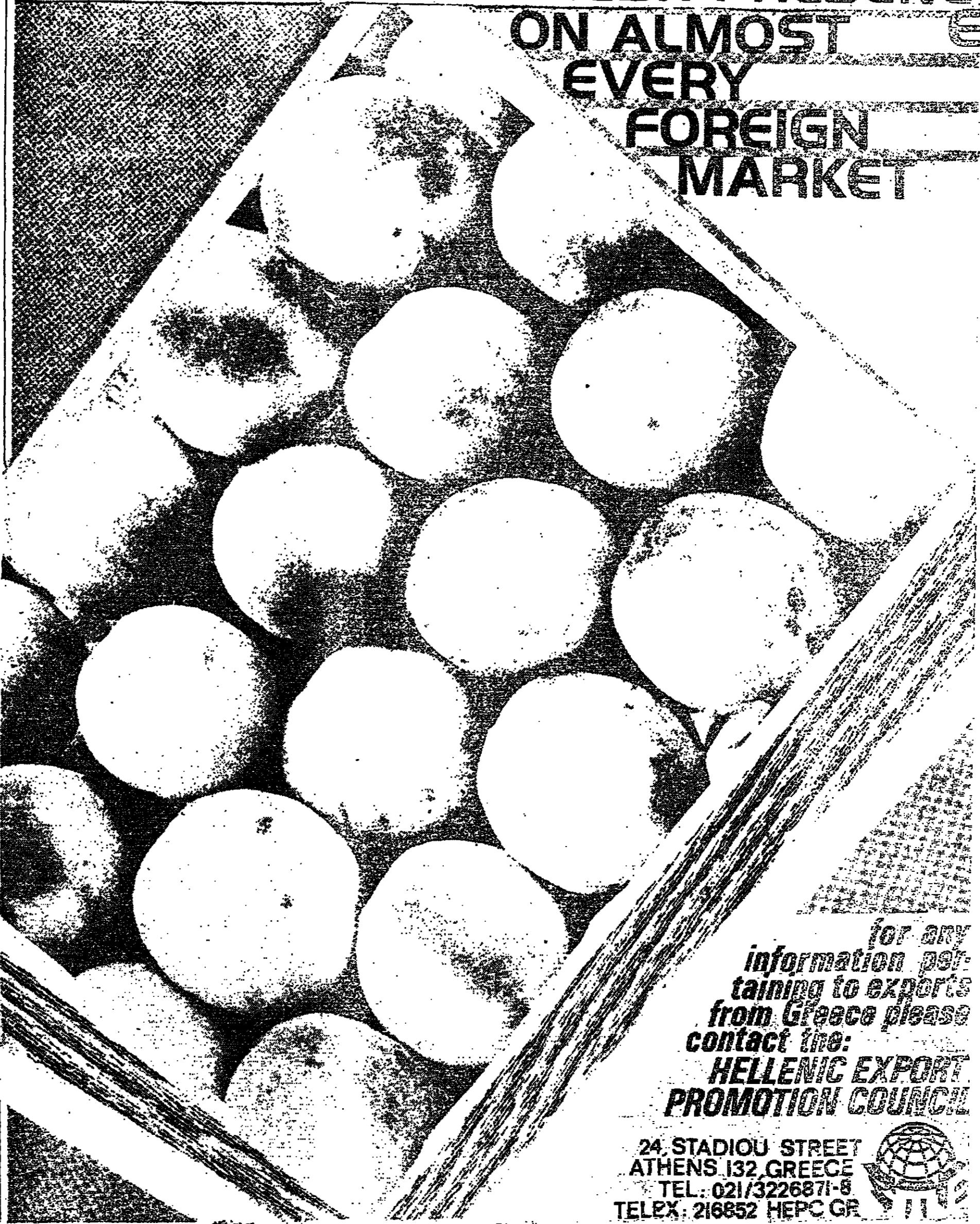
The idea that there are shipyard opportunities in Greece, or that there soon will be, is shared by a number of foreign companies. In addition to the new shipyards either building up or in the planning stages a number of internationally recognised organisations have opened service stations or appointed Greek agencies in the past year or so. The products represented range from marine engines to hatch covers and in many cases Greek engineers and mechanics have been given training in the country of manufacture. In others foreign technicians are based in the country to service their company's equipment and to train Greek personnel.

Foreign engineers working in Greece speak highly of the willingness of the Greek workers to learn new trades and skills. They point to some of the more spectacular repair jobs undertaken in Greek shipyards and the emergence of such services as underwater surveys and repairs. Although Greeks have a long tradition in diving—especially for sponges—for commercial and ship-repairing purposes is something new.

One of the most spectacular repair jobs undertaken by a Greek shipyard has been called the biggest job of its kind in the world. It was the repairing of the Good Leader, a 127,000-ton bulk carrier, which needed 4,000 tons of steel. In the face of stiff international competition the work was secured by a Greek yard both at a more favourable price and with an earlier delivery date. In new buildings too the Piraeus yards have been successful in constructing vessels both for Greek and foreign owners.

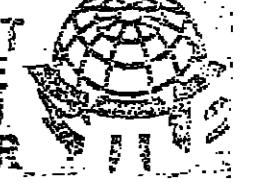
The larger and longer established yards are now being followed by small yards often working under very difficult conditions. The latest example is the entry into service of a Norwegian-designed fully-automated multi-purpose single decker of 1,600 gross tons. The vessel, which was built under far from sophisticated conditions—yet to Lloyd's Register class—is the first of three to be managed by a London-based Greek company for

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JULY, 1976

The Executive's World

EDITED BY JOHN ELLIOTT

From Tehran, Robert Graham profiles a personal Middle East business success

Faith rewarded for the Arab Bank

HERE ARE few Middle East pression and against the foreign businesses which have been built from scratch by one man through his own efforts and man," says Mr. Khalid Shoman, his younger son who was born five years ago and continues to live in Erbil and who is now deputy chairman and managing director of the company as monopoly, a director.

The bank's capital was £15,000, all Mr. Shoman's own money. By 1940, it had branches in Egypt, Lebanon and Syria. But it was in 1948, at the time of partition of Palestine and the creation of Israel, that the bank acquired its reputation.

The bank was founded in 1920 by Mr. Abdul Hameed

Banman, a Palestinian who was

attempted to prove that Arabs could run a bank. From very

paying their customers. My

father decided to pay everyone

every penny," says Khalid. The

story goes that one prominent

merchant came to draw \$40,000

and, as he was the oldest, the largest

and arguably the most suc-

cessful purely Arab bank. It

now boasts assets of \$2.5bn;

as branches in every Arab

country where foreign banks are

permitted, and has a range of

subsidiaries and affiliates.

Race No formal

education

Although Mr. Shoman died in 1974, the bank is now run by his two sons, Abdul

Hameed and Khalid, it is im-

possible to assess its impact and

performance without referring

to this remarkable man. Mr.

Shoman had virtually no formal

education and at six was work-

ing in the family quarry busi-

ness near Jerusalem. He later

moved into livestock trading

and then, against all family

opposition, he left with \$40 of

savings for the U.S. where he

went into the textile business.

Not for the first time he was

the odd man out — on this

occasion an Arab trying to do

business in a sector dominated

by Jewish interests. He pro-

spered but yearned to return

to Palestine, and after toying

with the idea of establishing a

purely Arab bank, he decided

to sell off all his American

business interests and return

to Jerusalem in 1929.

"They all said he was mad

to set up a bank during the de-

pression and against the foreign

banks who had all the exper-

tise. But he was an obstinate

man," says Mr. Khalid Shoman,

his younger son who was born

five years ago and continues to

live in Erbil and who is now

deputy chairman and managing

director of the company as monop-

oly, a director.

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in Egypt, Lebanon and Syria.

But it was in 1948, at the time

of partition of Palestine and the

creation of Israel, that the

bank acquired its reputation.

With its reputation and contacts, the bank has proved to be its

most important now, or more

so than it has ever been. It

was one of Mr. Shoman's

principles that all employees

and shareholders should be

Arabs, not out of chauvinism

but because the father knew and understood the

Arabs people and he had great

faith in them," says Khalid.

The bank's other great asset

over any international bank in

the area has proved to be its

Arabness or what one might

call its ethnocentrism. This is still

run more as a family business.

With its reputation and contacts, the bank has been in a

formidable position to take

advantage of the sudden rise in

wealth in the Middle East during

the past three years. These attributes have made the bank just as successful, if not

more so, than the more dynamic

and aggressive international

institutions (often to the

frustration of the latter). Last

year's balance sheet was 89 per

cent up on the previous year,

deposits were up 71 per cent,

to \$1.5bn, and earnings in-

creased from \$7m. to \$11m.

However, the bank has now

reached a stage where it has

become more conscious of its

size and of the need to maintain

its market position. It has a

reputation for being something of

a conservative older states-

man. It does not want to lose

this but wants to move more

into the mainstream of modern

management. A proper train-

ing scheme has just been

initiated for its staff. More

important, according to Cam-

bridge educated economist

Khalid, a recent move to

establish a corporate planning

department. "This we felt

was essential," he says. The

board has also begun to initiate

a policy of delegating greater

responsibility to local branch

managers and by the same token

improve inter-branch communica-

tions.

There seems no move to alter

the bank's rather conservative

policy towards Islamic principles.

Mr. Shoman won his point.

This move into Saudi Arabia

has paid off handsomely with

as much as a third of total

current business coming from

there.

Non-Arabs cannot hold shares

in the bank. The Shoman

family has long since ceased to

have a majority shareholding,

even doubled that year. "My

though they still own 20 per

cent. There are now Saudi and

Kuwaiti Government stakes in

the bank of around 10 per cent,

and a smaller holding by the

Qatar Government. The rest

is in the hands of small share-

holders. In spite of the reduced

family holding, the bank is still

run more as a family business.

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TUESDAY JUNE 15, 1976

Higher import costs

THE MAY trade balance, published yesterday, showed a disappointing fall in imports, suggesting an改善 of the current account deficit for the year should be continued to estimate, £1.2 billion from £1.4 billion. This may indeed improve, and the current deficit for the past three months, according to the latest figures, has been reduced by about a third. But the outstanding point is that, despite a visible deficit of £2.6 billion in April, due partly to seasonal factors, the increase in imports, with only one specific factor, namely the fall in oil prices, has been greater than the two-month total.

The result is put in next morning. Although the volume of exports continues to rise steadily and exporters seem to be raising their prices more promptly than in the last half of the year, the growth in the value of the pound is pushing up the cost of imports at a time when world prices for some commodities are on the decline and when the recovery of output is pushing up imports of raw materials. In May alone, when this trend became more pronounced, the volume of imports rose by 1.4 per cent, mainly new materials, and was against a 1.0 per cent for exports and the average value of imports by 1.6 per cent, again 1.2 per cent for exports.

Wholesale prices

The rise in import prices caused by a lower exchange rate has already made itself felt in early results in the import side of the manufacturing industry. These stepped up another 2 per cent in May—more than in the previous month—but enough to bring the total increase for the first months to 1.2 per cent. Oil prices have been rising no less than the average, but partly because the cost of oil imports from other EEC countries has not yet been adjusted to take account of the full devaluation of the pound.

bring this about.

Candid advice from our friends

DOWNTURN floating has U.K. who were showing the become part of a vicious circle rather than a process of adjustment. It does not grant greater freedom to neglect internal adjustment if they want to eradicate inflation and re-establish external balance. The very repeat experience of the U.K. demonstrate how difficult it is to break out of this vicious circle even when both government and public opinion have come to realise the need to do so, and are ready to take or accept drastic policy measures.

These telling words from the annual report of the Bank for International Settlements, one of the bodies which participated in the \$50bn standby credit announced last week, provide all the answer that is necessary to the claims made repeatedly by Mr. Healey last week that the stand-by represents a vote of confidence in the Government and its policies.

Most outspoken

The words of the BIS, the most independent outspoken of all international bodies, suggest that the loan was made in the hope or the knowledge that the Government are ready to take drastic policy measures, whose heavily underwritten by the British undertakings to finance the stand-by with the International Monetary Fund, which will require drastic policy measures as a condition of any further large credit. If there was a vote of confidence in anything at all, it was in policies which have yet to be announced, and in any case "confidence" seems too strong a word to fit the case. The tone of the BIS report suggests that the credit was more in the nature of a risk investment made in the interest of an old friend.

What are the drastic changes required? The BIS offers clear and valuable advice.

First, the Government must give single-minded priority to conquering inflation even at the risk of further recession. The report is unambiguous on this point: those countries which faced these necessities, earliest—Germany, Scotland and the U.S. and Japan—have now made the greatest progress towards stability, and have the best prospects for growth. Italy and the

Exports: optimism tempered by some caution

THE MORE THE pound has fallen or simply wobbled, the more Britain's rapidly-improving export performance has been hailed and enthused over. The British Overseas Trade Board has dubbed 1976 "Export Year" in yet another of our public export campaigns. The CBI, the National Institute, and the Bank of England have all pointed to the incipient signs of the U.K.'s first export-led recovery in a generation or more. The Department of Trade has recently reported growing export confidence among the major companies and the hard expectation of an almost unparalleled growth this year in their foreign sales. The general trend in the balance of payments, despite yesterday's figures, has been improving.

Of the reality of this export-led recovery from recession there can be little doubt.

Within the past few weeks alone, Ford of Britain (which last year increased its exports by 33 per cent), Wedgwood (which has been recently benefiting from the strong turnaround in the U.S. market), Capper-Neill, Associated Engineering, Courtaulds, De La Rue (which increased export sales by a third in the last financial year), Vicker, and Tarmac (which increased its pre-tax overseas profits last year by 133 per cent) have all pointed to foreign trade as one of the most satisfying elements in their results and their assessment of the future.

The latest Government survey of short-term export expectations among more than 80 of the country's leading companies indicates that, for these groups at least, the first half of the year has already seen substantially increased estimates of foreign sales and that their exports could grow by an historically high level of 11 per cent, volume and around 30 per cent, in value over the year as a whole, compared to 1975. The survey has tended in the past to forecast rather better performance from these companies than from industry in general. But recent evidence from a number of independent surveys suggest that the Treasury's forecast of 8 per cent growth in exports this year and 9-10 per cent next year could be within reach—an exceptionally high rate by historical standards.

And yet, the better the export figures, the more cynicism they have aroused from economists doubtful whether the growth will prove long-lasting or not. The U.K., after all, has had such short-term foreign trade bursts before. Aided by devaluation, it achieved considerable export momentum both in the late 1960s and in 1973-74, when a falling pound made British prices highly attractive abroad. But on each occasion the initial surge tended to be all too easily over-

whelmed by domestically-induced inflation, an overeating of home demand, industrial bottlenecks and a return to the long-term trend of a declining share in world markets and a relatively lower productive growth.

In a sense the same could be said to be happening again. The current export-pull is based not so much on any fundamental shift towards greater productivity and competitiveness in British industry as on a combination of wage restraint at home, the catching-up of British recovery on the major industrial nations and a rapid devaluation of the pound leading to potential 1.5 per cent increase in the volume of manufacturing exports and a 0.5 per cent fall in the volume of manufacturing imports—implying that the results of the recent devaluation would add perhaps 4 per cent a year over the coming years to the volume of exports and lead to a dramatic turnaround in our trade balances.

But the practical effect of devaluation "on the ground" is a long way from being as neat as this. Much clearly depends on companies' individual pur-

strains on import costs and that strong sense of international price structures are reluctant to allow companies to take the full benefit of sterling depreciation without lowering their prices if these are in foreign currencies.

There are also signs that specifically export-orientated investment is being created. The Government's highly-successful accelerated projects scheme has already brought forward number of projects by 1

Chemicals, Lucas, Rockit, a Colman, Pethow Holdings & U.K.—importing some product ranges into the U.K. but selling high balance of payments in pact in additional foreign sales or lower imports. Ford has recently increased its capacity to produce "knocked down" kits for foreign assembly.

Most chemical companies, like ICI for example, now quote at least 70 per cent of their foreign sales in foreign currencies while purchasing forward foreign exchange and commodity supplies. And this practice has been gradually spreading to engineering and capital goods manufacturers, who have increasingly tried to convert goods for which there is worldwide competition and a worldwide market into foreign currency prices.

Not all companies can do this.

Capital rather than goods

But the total investment to date, despite a predicted rise of 15 per cent next year, is still short of the 1970 peak. There is growing evidence that the bigger and more sophisticated companies in engineering as well as chemicals and so consumer durables have increasingly preferred to expand rather than goods-trend borne out by recent moves by such companies GKN to buy up foreign companies.

And there is also encouraging evidence that, despite greater price competitiveness foreign buyers remain intensely concerned about the British problems of late delivery, maintenance and servicing a deficiency of design.

It is these more fundamental problems of British products and investment that ultimately need to be tackled and resolved if today's export-led recovery is not to peter out as it has in the past.

For other companies particularly those in consumer durables and some depressed areas of contracting and engineering, the further the pound falls, the better their export trade is. The main competitor in refrigerators and electric appliances in Europe is, after all, the Italians, whose currency has also depreciated. There are some markets—the Far East and parts of Africa and Latin America—where price competition is particularly severe.

All this has enabled companies to fill desperately depleted domestic order books with foreign sales and to compensate for continued low home profits often held down by the price code, with higher foreign earnings. But if the balance of orders has moved in favour of exports, it has still to be shown that this export-led revival will produce investment in new export-oriented capacity or a real change in heart towards export business.

In individual cases, there are certainly signs that this is happening. The prolonged period of low home-profitability and low domestic growth in the past five or 10 years has encouraged companies such as Hoover to plan a long-term export gearing for the future. The export strategies worked out by companies like Sapper Neill are clear signs that in the process of building up, the time will not be lost quite easily, whatever happens.

Government is embarked on a course of restraining demand and inflation for some time to come.

But it will be a long time before industry regains the confidence to invest and to foreign trade as an essential rather than marginal part of business; just as it will be long haul before the kind basic shift in U.K. production and manufacturing growth implied by the Government's industrial strategy can be

revival which is the main driving force of the current upturn in U.K. exports. For the leading exporting sectors, foreign sales began to revive well before the current fluctuations in sterling. Textiles and chemicals and other "intermediate" or semi-finished products have clearly led the way. But manufacturers in the consumer goods fields like pottery and domestic appliances have also reported signs that in Germany and the U.S. the degree of labour shedding and retrenchment of the last two years has led to capacity problems that have benefited British companies with substantial surplus capacity.

The impact of the fall in the value of sterling, which has dropped some 13 per cent against major currencies since the beginning of March, is rather more difficult to calculate in relatively short-term national companies with a

surplus

capacity.

For much of heavy industry, the sales are the product of competitive tenders in which the price of raw materials is fixed early on, but the final delivery of equipment may take five or 10 years. Deviations may help on the next quotation but has little impact on the volume growth.

The traditional view, to some extent borne out by yesterday's trade figures, has been that a fall in the value of sterling has a role in purchasing goods such as pharmaceuticals—and intermediate goods from abroad to take far to take it for themselves.

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SOCIETY TO-DAY

BY JOE ROGALY

Housing: how to save £1.5bn. next year

J. H. Rogaly

LOST OF the £2bn. or so cuts of persons per household, available spending that the ability of a fixed bath or shower, government will be obliged to add the like we were even then produce before the year is at or near the top of a list that could be found in the included West Germany, France, housing budget. A simple move Canada, Japan and the U.S. back to the housing expenditure. In the ten years and more of 1972-73 could save since most of the items in that £1.5bn. at end-1975 prices; in table were collated we British real cash money the figure is have spent many billions of already much higher. Anyone pounds add to our housing has another look at these stock and improving the stock figures will be struck by the we have. This has not solved any of the incoming everyone's problems: there are labour administration of 1974 undoubtedly still areas of severe housing from its former "housing stress" and these can £2bn.-£3bn-a-year level to be seen by simply going and £4bn. in 1974-75; it is now looking at them. Such housing "stabilised" at some holds, however, constitute one-third less than a tenth of all households in the kingdom, according to all the published indicators. Yet the housing budget is so large that it could only be justified if half or three-quarters of the people were living in slums or near-slums. The interests of the badly-off fraction could be better looked after if there was not so much unnecessary spending on the housing account as a whole.

Rents

The word "unnecessary" is the crucial one. At the beginning of the decade rents accounted for roughly three-quarters of the cost of council housing. In the current year, as yet another cost of the incomes policy, they will stay at about 43 per cent. after rebates. The Government assumes that rents will rise sufficiently to take their value to half the housing cost or more by 1979-80: on present policies this is not a reasonable assumption. A change of policy—a roll-back to the 1972-73 level of housing subsidy—would save £700m. at 1975 prices. It is customary measures—number of rooms per dwelling, number attempts to increase rents under

the Housing Finance Act led to This "investment" creates places, they will point out—so much social unrest that such future losses—on interest and this is certainly true. It would be so costly in political and—on an increasingly horrific Oldham cannot make up for a social terms that it might not scale; an imaginable rent shortage in central London. On the other hand this does not mean that none of that £700m. need at current rates of interest. Yet be bought; indeed my feeling is that when the time comes the February's Public Expenditure Labour Government will have present level of new building in the publicly financed rented sector is higher than at any time in the last five years," a boast of which Mr. Healey would bring in £350m., as should be heartily ashamed.

For on the very opposite page, a table shows that after 1986

savings on these two items the property against squatters

future housing strategies the principle it is of course right to that that would somehow maintain its foreign exchange value.

This is why people want double and triple safeguards virtually alone with our quaint when it comes to metrication. The Government has tried its best to meet these fears, and it has made a number of important concessions in consumer pressures in the new version of the Bill, including a requirement that conversion tables be displayed in shops. But it was saddled with the original strategy of meeting the shopkeepers' convenience before that of the shoppers, and it must cast the last vestiges of that mistake aside.

Most consumer organisations and others now favour a go-ahead, not because they like metrication but because they cannot stand any more delay. I suspect that many of them, like the sound of the further

revisions would be justified in my view would be justified in the city-centre slums. The difficulty is that councils proved too incompetent to spread their full "municipalisation" budget last year: of £155m. available, less than £115m. was spent and the bulk of the houses remain to be renovated.

If people suffer from poor housing in future years it will be hard-arsed ideology and local incompetence that is the cause, not the inevitable cut in the total size of the housing budget.

* * *

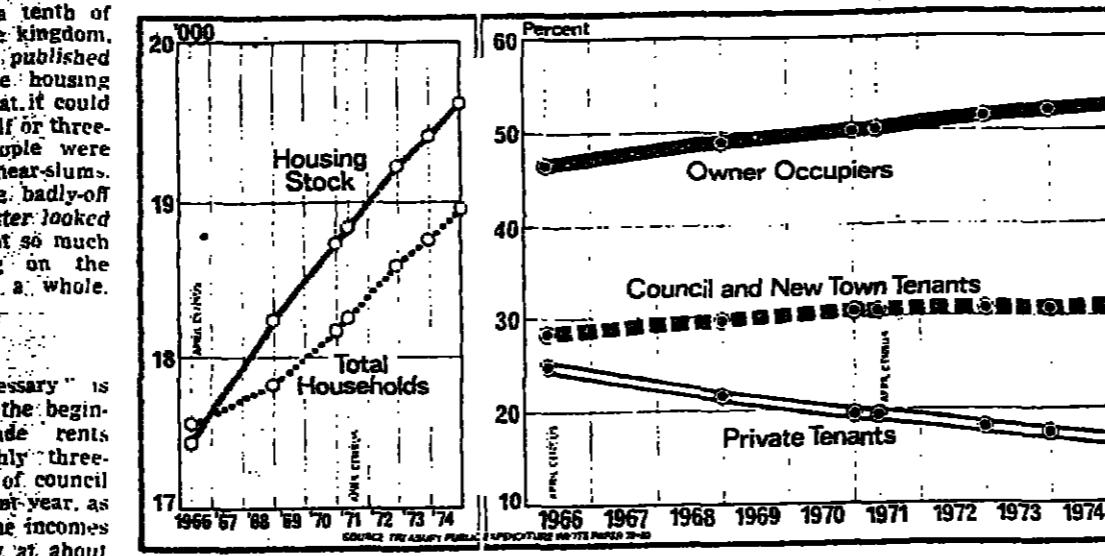
WITH ANY luck, the House of Lords will teach the Government another well-deserved lesson when the metrication bill officially a Weights and Measures bill comes up for second reading this afternoon:

if not it is to be hoped that the Commons once again proves to be a tough hurdle on the third official run-up, which should be next week. The Tories were obliged to draw back in 1970, and the present Government had to withdraw its bill in March. The trouble is that the freshly amended version is still not good enough.

It is important to explain what I mean by this. In

reality it is the planning of all save the very smallest package in both imperial and metric units that is, so many pence a pound and so many pence a kilo, side by side until, say, 1980.

If these last extra safeguards were written into the Bill and accepted by the Government then the balance of reasonableness would turn in favour of it. Perhaps we could then approve of the first Parliamentary vote of assent to going metric by law since 1871.



alone: the figure could of course number of houses began to exceed the number of families and individuals seeking accommodation. The trend is continuing.

You could get from there to the likelihood that when the count for 1976 is done it will

stop building new council houses. The gross figure for about a million more houses.

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COMPANY NEWS + COMMENT

A. B. Foods surges ahead by £20m.

THE EXCEPTIONAL profit growth forecast for the year to April 3, 1976 by Mr. Garry Weston, chairman of Associated British Foods, turns out to be 44 per cent. from £45.52m. to £63.69m. before tax. At midway a jump from £18.7m. to £23.6m. was reported.

Yearly earnings per 50p share improved from 6.01p to 8.56p and a second interim dividend of 1.13p net raises the total from 1.5888p to 1.7295p.

External sales £1,000,000
Trading surplus 57,710 16,122
Depreciation 22,267 19,522
Group profit 73,033 20,772
Interest payable 9,714 11,121
Banking costs 6,651 6,536
C.K. Tax 17,882 19,642
Overseas tax 12,625 7,028
Net profit 37,075 20,772
Extraordinary credits 6,000 2,257
Available 34,072 20,772
Profit dist. 3,128 3,128
Retained 24,243 15,123

External sales for the year increased by £23.4m. or 22 per cent. Overseas sales rose by 30 per cent. while sales in the U.K. advanced by 18 per cent.

Net margin in the U.K., while improving from 3.8 per cent. in 4.2 per cent. and abroad the figure is still less than the 4.6 per cent. achieved three years ago, before the advent of price controls and recent high inflation rates. Overseas margins improved from 5.7 per cent. to 6.7 per cent. and reflect more accurately the real needs of the food industry.

Of the increase in pre-tax profits over half was contributed by overseas divisions which now represent 45 per cent. of the group's earnings. The effect of the devaluation of the pound on overseas earnings had the effect of increasing the profits by £1.3m., reports the chairman.

In Australia an improvement in trading conditions generally together with a more realistic relaxation in price controls resulted in a substantial improvement in profits reversing the previous year's serious decline.

In the U.K. the group's profit growth has again come from improved results in nearly all operating divisions, and has justified the company's policy of sustained high level of capital investment, says Mr. Weston.

Expenditure on capital projects totalled £51m. as against £45m.

the previous year. This brings the total expenditure on fixed assets to £91m. during the past five years and over half the group's plant in the U.K. has been replaced during this period.

Cash flow during the year enabled borrowing to be reduced by

£1.5m.

Net assets increased to £225m.

and profits before tax as a percentage of these increased to 18.7 per cent. compared with 17.6 per cent. in the previous year.

On capital expenditure for the current year Mr. Peter Wong, financial controller, said that although the exact figure would

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Company	Page	Col.	Company	Page	Col.
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Associated Brit. Foods	22	1	Philo Hill Invest.	26	7
Assoc. Paper Inds.	22	7	Irish Life Assurance	22	5
Bank of Ireland	24	7	Lep Group	22	2
Brit. Cinematograph	26	8	Maguire & Paterson	26	4
Capital Annuities	25	1	Odeon Racasan	24	5
Dunlop	25	3	Prop. & Reversionary	26	4
Eva Industries	22	6	Record Ridgway	22	4
F C Construction	22	3	Royal Insurance	26	5
Foster Brothers	25	5	Sunrise Bros	25	5
Gronden	25	4	Thorn	26	8

depend on cash flow he felt that the total would again be around the £30m. mark.

Associated British Foods is the Sunbest, Ryvita and Vitha bakery group which takes in Fine Fare, Europe's largest supermarket group, and the ABC teashop chain.

See Lex

Lep expects at least £2.6m.

Pre-tax profit of the Lep Group of travel and travel agents for 1975 is now expected to be within the range of £2.6m. to £2.8m.

The delayed report and accounts are expected by September.

After the meeting, Mr. Mason said he believed there would have to be a 30-40 per cent. increase in rental levels across the full U.K. property range before British companies would consider starting new developments.

Mr. Mason told the annual meeting that lower profits must be expected for 1975.

Comment

Taking the lower figure of £2.6m. would see the Lep Group doing better in the second half than indicated in January, when it reported a 43 per cent. dive at mid-term. And the full-year downturn is held at 25 per cent.

Though there was some improvement in the last quarter, it appears that the company's accounting policy at mid-term has a lot to do with the better than expected results, particularly the calculation of rental revenue based on an annualised basis. But a substantial reduction in losses in Australia from 1974's £615,000 also helped. Still, the current year has seen some improvement in the face of a boom in British exports on the back of the sterling depreciation. Because of the June tax, the benefits from this boom may not become apparent until next year.

Mr. Mason said the company had made "a significant reduction" in its short-term borrowing since the year end and he expected an overall improvement in group results in 1976, partly from lower interest charges but particularly from higher rental income.

Hammerson forecasts profit rise

THE UK building industry was likely to be "totally devoid" of work in 18 months' time, according to Mr. Sydney Mason, chairman of Hammerson Property and Investments.

Mr. Mason told the annual meeting that the high cost of money, together with the poor economic outlook, was preventing further UK property development.

The private sector, he said, would not develop while there was no prospect of a satisfactory return and the public sector would be affected by government restrictions affecting public spending.

After the meeting, Mr. Mason said he believed there would have to be a 30-40 per cent. increase in rental levels across the full U.K. property range before British companies would consider starting new developments.

The interim division is expected from 1.1m. to 1.21m. net on earnings up from 843p to 931p per 50p share. Last year a total dividend of 2.7625p was paid from record profits of £1.36m.

The interim results are accompanied in a booklet by current cost data. This shows pre-tax profits at £882,000 (£313,000), and earnings per share 12.6p (14.4p).

Mr. Mason said the company had made "a significant reduction" in its short-term borrowing since the year end and he expected an overall improvement in group results in 1976, partly from lower interest charges but particularly from higher rental income.

Optimism at F.C. Construction

IT IS hoped that the range of services offered by F.C. Construction (Holdings) together with its financial resources will enable the group to face the present recession with confidence and provide a firm base from which to develop, the chairman, Mr. J. A. Drake, tells members.

A reasonable workload is expected to be maintained for the

calculated number of contracts

in an annualised basis. But

a strong expectation that the company may pay the market value of its listed division, which would put the shares at 120p up 100p, or a yield of 18 per cent. covered about 7 times by minimal earnings of 18.7p per share.

current year in the concrete factories and the construction company.

As reported on April 28, profit before tax and extraordinary items rose from £363,583 to £480,198 with a dividend of 2.8p (2.65p).

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

Dividends shown pence per share net except where otherwise stated.

turnover by destination discloses (percentages): U.K. 45.5 (35.1); America 14.7 (13); Australasia 16 (10.7); Africa 10.3; Europe 6.8; Far East 3.5 (same); Middle East 3.5 (1).

A statement of source and application of funds shows a decrease in net bank borrowings of £408,000 compared with an increase of £182,000, and further substantial improvements will take place in the second half, it is stated.

Trading conditions were difficult during the year and the forward order book shortened considerably.

During the year directors launched a new standard range of Uniflow box culverts which are now marketed nationally and orders have been obtained throughout the country, says the chairman.

Meeting, Derby, July 7 at noon.

Record Ridgway sees £1.6m.

TAXABLE PROFIT of hand tool manufacturers Record Ridgway shows a £193,000 expansion to £802,000 for the six months to March 28, 1976 and chairman Mr. A. B. Hampton says that he is confident that results for the second half will be similar to those now reported.

Order intake is showing an upward trend over the low level in the first half of 1975, he says.

The interim dividend is increased from 1.1m. to 1.21m. net on earnings up from 843p to 931p per 50p share. Last year a total dividend of 2.7625p was paid from record profits of £1.36m.

The interim results are accompanied in a booklet by current cost data. This shows pre-tax profits at £882,000 (£313,000), and earnings per share 12.6p (14.4p).

Mr. Hampton reports that all parts of the group have contributed to the historic profit growth. Investigations into means of securing a larger share of the important EEC markets are continuing, and overall direct exports from the U.K. increased by 65 per cent. to 22.7m.

An analysis of taxable profit shows 17.5 (16.1) per cent. and overseas 24.5 (23.8) per cent.

A geographical breakdown of

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Total amount	Total per share
Andersons' Rubber	0.78	Sept. 17	1.28	1.17
Ariel Industries	0.37	Sept. 17	1.12	1.61
AB Foods	1.14	Sept. 17	1.73	1.39
Associated Paper	0.5	Aug. 16	—	2.6
Brighton Hoe Stain. Int.	0.7	July 7	0.7	2.11
Brit. Cinematograph	1.22	—	1.11	1.11
Eva Industries	2.01†	June 15	3.32	3.04
Prop. & Reversionary	—	Oct. 1	4.2	3.82
Record Ridgway	1.21	—	2.76	2.76
Sunrise Clothes	1.23	—	1.8	1.23
			3	

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*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues.

JULY 1976

1975. A year of considerable progress despite inflation and recession



At the 77th Annual General Meeting held in London on 14th June, the Chairman, Sir Reay Geddes KBE said:

When we met last year, to consider the improved performance in 1974, I said that it was no time for complacency or relaxation of effort. This year we have reported results which were again substantially better, but I suggest that the response must be the same: inflation, economic and political uncertainty can still check sustained progress which we need.

There were three main features of the improved results for 1975. First, improved profits from both Dunlop and particularly Pirelli overseas companies, with some recovery in Germany, more than offset a decline in profits in the United Kingdom and Japan. Exports from the United Kingdom were a helpful feature and led to two more Queen's Awards. Secondly, the balance sheet was strengthened and the Group's gearing improved. Close control to combat difficult current conditions, and a selective investment policy to prepare for the future again form main planks in our business strategy. Central borrowing facilities have been enlarged and lengthened in term. As we meet today, all of this is still unknown. The third encouraging factor was to see a recovery in investors' confidence reflected in an increase in the share price.

INFLATION ACCOUNTING

Statutory Accounts are prepared on the basis of historical costs. With the high rates of inflation in the United Kingdom and elsewhere, these conventional accounts alone are no longer enough to provide "a true and fair view", and do not provide adequate indication of the finance needed to maintain the capital of the business in real terms. For some time we have been judging the performance of our operating units and appraising new projects, not only in conventional terms, but also in a way that corresponds closely to the proposals put forward by the Sandilands Committee, known as Current Cost Accounting.

A Statement in the Annual Report incorporates these adjustments which reduce attributable profit, but also lower gearing. We believe it is one of the first to be published by a major group based on these principles.

It is one thing to change accounting conventions and to ask companies to publish the results; it is another to consider how these should be used and the extent to which they should supplant established principles. When will price controls and taxation reflect the new basis? How do they affect financial assessments of ratios of dividend and interest cover? It is good to see Britain leading the way with innovative accounting techniques, but some of our major international com-

petitors have less exacting capital markets and are not yet up to our normal practices of publishing consolidated historical accounts. Their investment and commercial policies may well be based on less demanding criteria for some years to come.

It is very much hoped that discussion will now turn to these issues but, in anticipation of any guidance which may be given to companies by the several authorities, it would seem counter-productive and damaging if pathfinder British companies are put at a competitive disadvantage during the transition period.

Your Board's present view is that the new figures cannot be ignored and do add one more dimension to business decisions. However, it would be reasonable to expect a sensible transitional period before they can replace all historic conventions and become the sole basis for policy.

DIVIDEND

Since the reduction of the dividend in 1972 we have all looked forward to a recovery and to some easing of the effects of inflation on shareholders' dividends. These remain our objectives, and the 1975 results do permit a start to be made by an increase of 4% gross in the final dividend, giving an increase of 10% in the total dividend for the year. The increase proposed is the normal statutory maximum, although it would have been permissible for us to go further. However, your Board reached the conclusion that, in difficult and uncertain business conditions, sustained progress should be the overriding objective and that the interest of shareholders will be best served by this.

INTERNATIONAL STRENGTH

Our Group draws strength from its activities in many overseas countries with a wide range of economic structures, with different economic cycles, and being at various stages of development.

Long ago Dunlop established itself in overseas markets, and in addition, the overseas activities of Pirelli provide a broader geographical spread, a different product emphasis through cables, and a substantial and growing contribution to net income.

Much interest is expressed in many quarters about the activities of international companies, one particular point being the employment situation in South Africa. A report on Dunlop South Africa will be available in early July, and may be obtained from the Company Secretary.

Overseas business normally begins with exports and is then developed through manufacture and the sale of technology. So, strength overseas demands vigour in exporting and technology, underlining the importance of our managerial and technological base in the United Kingdom, and indeed the importance of the political and economic environment here at



DUNLOP

home. The concern that investment overseas reduces employment at home is understandable but mistaken. The funds for this largely originate abroad and in this Group's overseas business has added to rather than subtracted from employment in the United Kingdom: without it the decline in employment at home would have been more marked.

I shall return shortly to the theme of the political and economic environment at home, particularly the interaction between Government and Industry, but first I would like to turn to the subject of the Board.

THE BOARD

Since we last met, the Board of Dunlop Holdings has suffered the loss of Lord Weir, who died on 16th August. Lord Weir was the longest-serving Non-Executive Director, having joined the Board in 1948. He was for many years Chairman of The Weir Group Limited. His long experience in industry was of great value to the Board and he has been greatly missed by me and my colleagues.

Two new Directors joined the Board during the year. They now retire and offer themselves for re-election at this meeting.

Mr. E. G. Wheater is responsible for our tyre business in Europe. He first joined the Company in 1947. Since then he has held a number of appointments in this country and in Germany, returning in 1970 to become Director, United Kingdom Tyre Group, and a Director of Dunlop Limited in 1974.

Mr. W. K. Gardner joined us as Finance Director in place of Mr. H. Ward, who, as you know, died last June. Mr. Gardner's career in Imperial Chemical Industries Limited included both the Finance Directorate and then the Deputy Chairmanship of I.C.I. Fibres. More recently, he has had wide experience in senior posts at I.C.I.'s Head Office.

We have today, with much regret, to say farewell to Sir Archibald Forbes who, after eighteen years on the Board, has decided that he should retire at the conclusion of this meeting. The Board has indeed been fortunate to have had the benefit for so long of his very wide financial knowledge and experience of industry, which have been of especial value in the last few difficult years. His shrewd and always very human understanding will be greatly missed by us all.

When shareholders read this speech in print they will see on page 3 the members of the Board of Dunlop Limited—the major operating company in the Group.

Since last year Mr. M. L. Bexon, who is now Resident Director in the Middle East, and Mr. A. E. Jackson, on retirement, have left the Board of Dunlop Limited. Mr. W. K. Gardner has joined it, and so have Mr. K. J. Johnson and Mr. J. R. Scott. Mr. Johnson, who is Director of Administration, joined us from The Pay Board, where he was Deputy Chairman. Mr. Scott, who is responsible for our Overseas Group, has had nineteen years of Dunlop service both at home and overseas.

PARTICIPATION

The composition of Boards of companies is the subject of much current debate with particular reference to ways of providing for the representation of the interests of employees. We have submitted evidence to the Bullock Committee and have published it widely within the Company. Copies are also available to shareholders. This is not the place to repeat our detailed arguments, but I would like to highlight some points. Dunlop's record of constructive relationships with its employees is a good one. It is the result of a long-standing, genuine desire by your Board and the Company's managers to respond to the equally genuine wish of our employees and those who represent them to be involved in the Company's affairs.

We do not approach this complex problem from an ideological standpoint, nor do our employees. We are concerned with the efficiency of the business and the creation of wealth and that, I suggest, must be the test of the final outcome of the Bullock Committee's deliberations. "A vigorous, alert, responsible and profitable" company, to use the Government's words, is our aim. Dunlop is a company which recognises and fulfils its obligations to society and which looks, usually successfully, for a similar sense of commitment to the Company's well-being from those who work in it. The public debate about "rights" tends to ignore the other side of the coin—"obligations".

I do not wish to pre-judge the outcome of our continuing policy of employee participation in Company affairs. We do know, however, that its growth must be organic, not an artificial creation from outside. We also know that managers must be free to

run their businesses. But there are many routes for companies to follow and I have enough confidence in the good judgement of our employees and their trade union representatives to feel satisfied that we will find a sensible solution, if we are allowed to work it out together.

If the debate at national level could switch from the ideological to the practical it would be an immense step forward. At the end of the day, whatever our position in society and whatever our political views, we have a fundamental common interest in the creation of wealth to meet society's needs and to secure employment. We have shown in the Annual Report the extent of the wealth created by the Group in 1975 compared with 1974.

PRICES, WAGES AND SALARIES

While dealing with the British economic scene let me turn for a moment to the short-term. The Company will do everything it can to support the second phase of the Incomes Policy and we also support fully the CBI's proposals for reform of the Price Code as a means of stimulating the new investment from which new jobs can come. But the Incomes Policy, following its predecessors, has done, and is still doing serious damage to the living standards of managers on whose single-minded enthusiasm all secure employment and rising wage levels depend.

The British Institute of Management

recently showed that senior managers' salaries had on average fallen by more than 13% in real terms during 1975. By international standards, British managers are being inadequately rewarded and the law precludes companies from alleviating this. More than

550 Dunlop managers abroad earned gross salaries in excess of £10,000 p.a., while at home, the head and heart of the Group, fewer than 80 were in that bracket. Last year no employee in the United Kingdom received a net take-home pay in excess of £10,000 p.a., although this figure was surpassed by 240 overseas employees. Marginal rates of taxation of salaries in Britain have eroded net incomes to this extent. Our differentials and hence our incentives have been markedly reduced compared with those existing in the United States, Germany and France. Of course there are differences in life style and cost of living, but the gap is being consciously widened by those who would rather level down the few than encourage prosperity for the many.

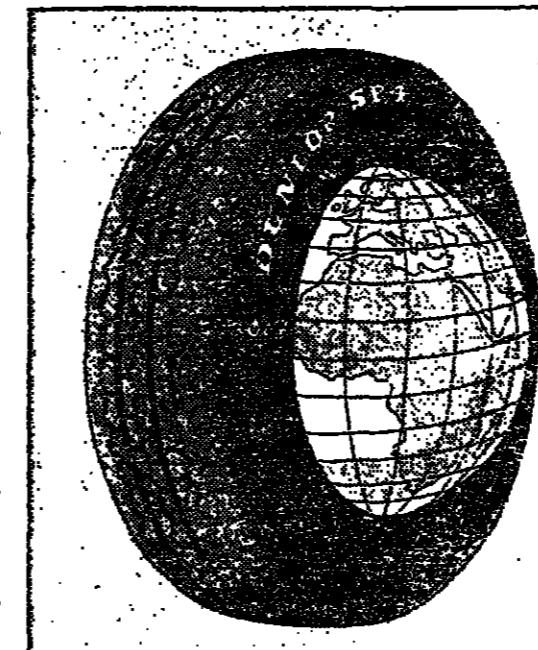
Those responsible for the achievements of the Group in 1975 deserve reward and further incentive as well as the gratitude which the Board, and we feel sure the shareholders, will wish to express to all who contributed to the results we are considering today.

THE CURRENT YEAR

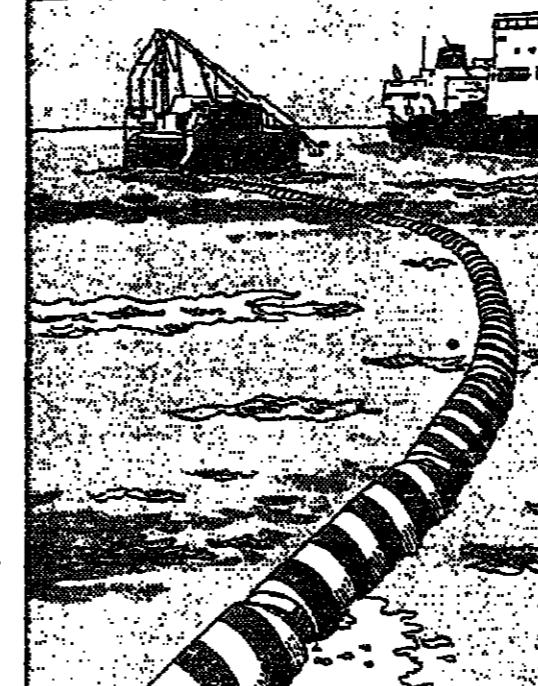
The first months of 1976 do show for Dunlop as a whole an improvement over the early months of last year, but it will be remembered that there was an acceleration in the level of trade and profitability in the second half of 1975. We cannot yet feel sure that there will be a similar improvement in the remainder of 1976, but shareholders can feel confident that everything possible is being done to sustain the Group's progress.

Copies of the speech and "Dunlop at Work in Britain 1975" can be obtained from the Secretary, Dunlop Holdings Limited, 25, Ryder Street, London SW1Y 6PX.

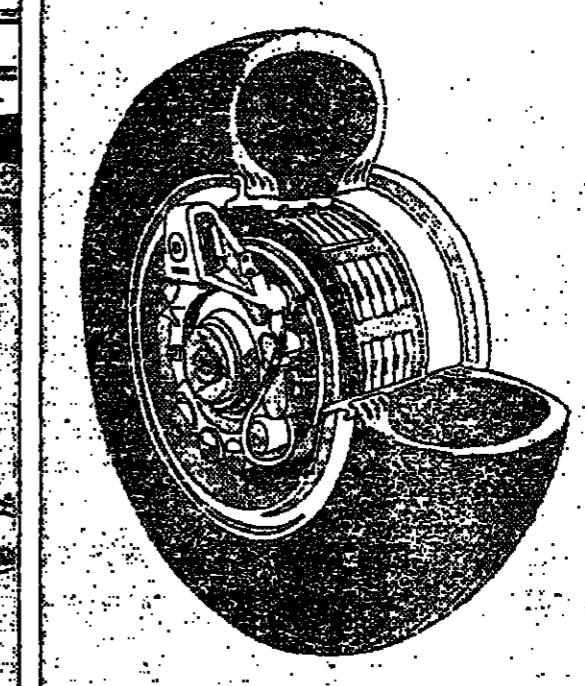
Dunlop Successes



FAR LEFT
The Worldbeater steel radial car tyre was launched last autumn and by December sales were ahead of target.



FAR LEFT
'Saflo' floating oil hose—a major breakthrough in the prevention of oil pollution at offshore oil tanker points.



LEFT
The carbon fibre brakes for Concorde—another Dunlop First—already being developed for other advanced aircraft.

DUNLOP HOLDINGS LIMITED

The Property and Reversionary Investment Corporation Limited

Results to 31 March	1976	1975
Profit before tax	£754,929	£641,732
Dividend per share (maximum permitted)	4.2p	3.881p
Undistributed profit	£113,907	£139,610

Points from the statement by the Chairman, Mr Alfred Rubens, FRICS

- * Properties revalued at 31 March 1976.
- * Dividend covered 1.3 times.
- * Net assets 276p per share.
- * Annual increase of £100,000 net income forecast for next five years.

Copies of the report and accounts may be obtained from the Secretary of the Company at Albany House, Petty France, London SW1H 9EE.

BIDS AND DEALS

Ferguson Ind. bidding for A. Kennedy

Ferguson Industrial Holdings, the builders merchant and engineers' supplies group, has bid for the 53.3 per cent. of Allan Kennedy it does not already own in an agreed deal which values Kennedy at £298,000.

The terms are five Ordinary shares in Ferguson for every eight shares in Kennedy, which with Ferguson shares standing at 59p ex last night values each Kennedy share at 37p.

Kennedy's Board considers the terms of the offer to be fair and reasonable and recommends all shareholders to accept them.

Pre-tax profits at Kennedy for the year to March 31, 1976 were £118,896 (£106,475) and earnings per share 6.54p (£6.25p) for a p.e. ratio at the bid price of 5.6p. Net assets per share, at March 31, stood at about 49p (£3.5p). In the last published account the directors are shown as holding 7.23 per cent. of Kennedy's equity capital and a Mr. M. A. B. Harrison a further 1.16 per cent.

Ferguson says that the acquisition will represent a logical extension of its building and con-

struction interests into the field of industrial flooring.

Kennedy has been advised by Hill Samuel.

EUROCANADIAN HAS 24.9% OF FURNESSE WITHY

Furnesse Withy has been informed that Eurocanadian Shipholdings has recently acquired a further 123,634 Furness Ordinary stock bringing their total interest up to 16.67 per cent. Ordinary stock (24.90 per cent.).

Eurocanadian, the Swiss group with strong Canadian connections whose holding in Furness is being covered in an inquiry by the Monopolies Commission, has already said it will not increase this stake beyond 25 per cent. while the Commission's report is in preparation. The interest is now only 0.1 per cent. below that level.

ASSOCIATES DEALS

On June 10, L. Messel and Co. bought 25,000 shares of London Tin Corporation for an associate of Pernas Securities.

Greenfield and Colegrave have bought on behalf of George Wimpey and Co. 5,000 W. W. Hall

shares in the company.

GEN. OCCIDENTAL —CAVENHAM

General Occidental shareholders unanimously agreed at an extraordinary meeting to create 283,000 new Frs.50 shares to be exchanged in a complex arrangement under which UK food group Cavenham will become an Occidental subsidiary.

The new shares will be exchanged against shares in the 66 per cent. owned subsidiary General Alimentaire.

The operation will result in Cavenham becoming a 51 per cent. subsidiary of General Occidental while General Alimentaire will become a 90 per cent. subsidiary of Cavenham.

ROCKWARE PURCHASE

Rockware Group has acquired 1,277,408 Ordinary shares in the Irish Glass Bottle Company (20.4 per cent.) from Societe de Participation Verrieres, a subsidiary of Glacières de Saint Roch.

As consolidation Rockware has issued 845,342 of its Ordinary shares to Sovapare. These have been placed on Sovapare's books under arrangements made by Kleinwort Benson and Cazenove and Co. for a net consideration of £574,834.

Pre-tax profit for year ended June 24, 1975 attributable to the shares of IGB acquired by Rockware amounted to £15,000 and the underlying net asset value of the shares acquired amounted to £574,834.

It is proposed to make an offer of capital stock to the bank's staff and to recommend an increase in the authorised capital from £20m. to £40m. by the creation of £20m. of additional ordinary shares.

At the financial year-end, total assets stood at £1,508m. (£1,279m.).

Deposit, current etc. accounts were £1,379m. (£1,167m.), liquid assets £409m. (£281m.), investments £283m. (£189m.) and advances etc. £750m. (£633m.).

Inflation adjusted annual profit of £521,000 (£486,000) compared with £772,000 (£728,000) on an historical basis.

ICFC controls 33.6 per cent.

Simon Engineering expects to Port on July 4 at 11.30 a.m.

The Financial Times Tuesday June 15 1976

Liquidity strength of Bank of Ireland

THE Governor of the Bank of Ireland anticipates that the company will grow in deposit and current performance, the chairman, Mr. J. A. Ryan says he sees a continuing advance in its balances in 1975-76 was in line. L. Brook, told shareholders with expectations in all market yesterday's annual meeting.

Loan demand did not match availability and consequently the bank's liquidity grew throughout the year.

Contribution to group profit by the bank was substantially greater than the previous year, says the chairman.

The contribution to group profit by Bank of Ireland Finance was most satisfactory, says Mr. Ryan.

The lower cost of funds was a leading factor in improved earnings.

For the years ahead, a continued strengthening of deposit base gives capacity for expansion in and of the market.

As reported on May 6 with the rights issue, profit for the year ended March 31, 1976 increased by £25.08m. (£4.5m.)

additional provision against advances. The dividend is 12.5p (10.4p).

Out of the £12.3m. profit attributable to stockholders, an amount of £1.67m. or 90 per cent. is being retained to strengthen reserves.

This was however not sufficient to support the substantial increase in resources and the directors proposed the rights issue to enlarge the capital base.

It is proposed to make an offer of capital stock to the bank's staff and to recommend an increase in the authorised capital from £20m. to £40m. by the creation of £20m. of additional ordinary shares.

At the financial year-end, total assets stood at £1,508m. (£1,279m.).

Apart from this loan there has been significant improvement during the year in the movement of the group's net liquid funds which increased by £25.08m. (£4.5m. December).

Inflation adjusted annual profit of £521,000 (£486,000) compared with £772,000 (£728,000) on an historical basis.

Simon Engineering expects to Port on July 4 at 11.30 a.m.

Annual Statements—Contd.

FORTNUM & MASON

(Foreign Warehouses, Grocers, Wine, Spirit and Cigar Merchants and Ladies' and Gentlemen's Outfitters)

CHAIRMAN'S REVIEW

The 71st Annual General Meeting of Fortnum & Mason was held on June 14th at the May Fair Hotel, Berkeley Street, London, W.1.

The following is the statement of the Chairman, Mr. W. Garfield Weston, which has been circulated with the report and accounts for the 53 weeks ended 31st January, 1976.

I am pleased to report that once again we have achieved profits above the level of the previous year while still maintaining our long traditions of quality and service, in spite of many factors that have adversely affected our trading.

Profit before taxation increased by £57,820 to £568,610 for the 53 weeks. After charging taxation of £220,415, which includes £226,780 in respect of group taxation, the profit available for distribution was £248,195.

It is proposed to maintain the final dividend at 15.5p per £1 stock, giving a total dividend for the year of 18p per £1 stock—the same as the previous year.

Dividends on the preference stock and the interim dividend on the ordinary stock were paid on the due dates.

Our trading during the year under review has been beset by difficulties. The decline in the value of the pound, the continued high rate of inflation and increases in value added tax and customs and excise duties have combined to increase costs and prices to higher levels than ever before, even though we have economised wherever possible.

The continuing fall in the value of sterling has, however, boosted our sales to visitors from overseas and our Grocery and Tea and Coffee departments have achieved record sales during the year assisted by sales to overseas visitors to our premises and displays of this nature.

For details of our very competitive rates telephone Eastbourne 36458 or write to:

WATTS MARTIN ASSOCIATES LIMITED
total Credit Control Consultants

WMA have now formed a PERSONNEL SERVICES DIVISION

and are now able to offer top quality Credit Control staff at all levels for both temporary and permanent posts. Our expert personal vetting ensures that employers are provided only with fully trained widely experienced and knowledgeable staff in whom they can place complete confidence.

For details of our very competitive rates telephone Eastbourne 36458 or write to:

WMA (Personnel Services Division)
16a The Avenue, Eastbourne, Sussex.

which are still produced by our own craftsmen within the building.

Of particular note during the year has been the accumulation of a substantial collection of fine blue porcelain, mainly of Sévres design. This has aroused considerable interest among visitors to our store and customers.

The fashion department is now carrying a wide range of exclusive goods, the popularity of which is reflected in the steady growth of sales. On the same floor our confectionery department continues to enjoy well-deserved acclaim for its unique quality of goods—the great majority

which are still produced by our own craftsmen within the building.

I would like to extend a warm welcome to the board to H. M. Mortimer and to Mr. G. Morton, both of whom have the ability to play an important part in the future of the company.

From customers abroad, looking these days of change in the future we are fully aware that it is of the utmost importance that we maintain a high standard of quality and service.

Our export efforts in promoting the "Fortnum & Mason" range of quality teas, able to look forward to continued success in the future.

Marshall's Universal 

"We are budgeting for a substantial uplift in United Kingdom profits"

Extracts from the Annual Report and Accounts

- The profit for 1975 was £1,806,957 which is a new record for the company—up £232,829.
- The Directors recommend an increase in the dividend of the maximum amount permitted.
- In 1976 we are budgeting for a substantial uplift in United Kingdom profits from existing group companies.
- Further acquisitions in fields related to present activities are currently under consideration.

Group Profit before tax £000	Net Earnings per 25p share pence
1970 679.8	16.6
1971 809.6	19.7
1972 924.9	25.0
1973 1,336.8	30.8
1974 1,574.1	34.4
1975 1,806.9	34.3

If you require a copy of the Report and Accounts please write to the Secretary at:

Marshall's Universal Ltd., Marshall House, 468-472 Purley Way, Croydon, Surrey CR9 4BL.



JARDINES

Jardine, Matheson & Co. Ltd.
Connaught Centre, Hong Kong.

Future Prospects

We believe that prospects for the Group are good. We intend to continue the policy of developing our existing interests and of seeking new activities in fields compatible with them. As our business grows—both functionally and geographically—the demands on management and staff at all levels increase. Constant attention is paid to this with a view to ensuring that management in depth is available for any new projects we undertake.

D.K. Newbigging Chairman Hong Kong, 13th April, 1976.

MINING NEWS

Amgold profits dip 30%

BY MALCOLM DUMPHREYS

TOT UNEXPECTEDLY, the half year results from the major Anglo American Gold Investment group gold share holding company, Anglo American Gold Investment show a marked deterioration on those for the comparable six month period ended June 1975. In the latest period, investment income fell to R28.82m (£17.45m) compared with R57.2m, while the interim dividend is cut by 30 cents to 58.47p. The net total was £56.05m. The net earnings figure comes out at 26.58p (£17.27m)—compared with 39.79p previously.

The reasons for the drop in investment income are threefold: firstly, the lower billion price of the profitably producing mines and, thirdly, the necessity for the individual mines to conserve funds.

All three factors have led to reduced dividend payments for almost half of Amgold's investments in South Africa. Management has now decided that the majority of these being Free State Gold, Western Holdings, West Rand and St. Helena.

The market value of "Amgold's" investments fell to £280.3m (£508.83m), from £11.1bn in the first half 1975 while the earnings per share figure declined to 21 cents from 22 cents.

The outlook for the remainder of the year is entirely dependent on the course of the gold price, which closed at \$23.375 per ounce yesterday.

Any sharp upward movement in bullion seems unlikely before the end of this year and, therefore, income from the companies' holdings in the second half will be struggling to match that of the same period a year ago despite the usual gains in metal prices.

Half results are not necessarily proportional to "Amgold's" performance over the whole year. "Amgold" was 22% down on its results for the first half of 1975.

ROUND-UP

As a result of 300 men voting to stay on strike at the Big Mount Newman Iron Ore operation in the Free State, 2,000 workers will be stood down. A company spokesman said they are being laid off because they cannot be economically employed during the strike.

Underground production returned to normal at the Gold Field's group's West Driefontein mine on June 12 as the strike was broken on the No. 5 vertical shaft. The mine has now burnt through the mined-out workings to above current underground production levels.

No further effect is expected on operating conditions.

America's Amax, in which London's Selection Trust has an 8.57 per cent stake and a Japanese firm, has agreed with Liberia Iron and Steel to complete another examination of the Wolseley iron ore project in Liberia, subject to the approval of the participating Boards.

LAURASIA IS OPTIMISTIC

Gold production at Canada's Laurasia Resources gold mining base in South Africa's Witwatersrand

MINING BRIEFS

MOUNT ISA MINES—Produced for the period to June 30, 1976, 1,000,000 tonnes of copper, zinc, lead and 13,982 tonnes fine concentrates. Copper are treated 26,584 tonnes produced 10,000 tonnes blister copper.

Capital Annuities payments

The Policyholders Protection presented by the company on the Board had agreed in principle to go ahead with its intended payment to policyholders of Capital Annuities, the life insurance company which ceased to take new business last September. The High Court heard yesterday.

Mr. W. Stubbs, for the company, told Mr. Justice Templeman that the interim payments would start as soon as possible, subject to a tax point being verified by the Policyholders Protection Inland Revenue. The judge said he would be represented at adjourned for 25 days a petition the next hearing.

R. CARTWRIGHT (HOLDINGS) LIMITED

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar.

All documents for registration and correspondence should in future be sent to:

Lloyds Bank Limited,
Registrar's Department,
Goring-by-Sea, Worthing,
West Sussex, BN12 6DA.
Telephone: Worthing 502541
(STD Code 0903).

R. L. TEARE, F.C.A.,
Director and Secretary.

BSG Back in Top Gear

	1975	1974
Turnover	£125,300,000	£104,500,000
Profit before tax	£2,326,000	£923,000
Earnings per Share	2.42p	0.90p
Employees in Group	6,484	6,800

- * Liquidity greatly improved.
- * 30% of profits earned abroad.
- * 60% of profits from manufacturing.
- * 40% of profits from vehicle dealerships.

Copies of the full 1975 Report and Accounts from the Secretary, BSG International Limited, 1270 Coventry Road, Birmingham B25 8BB. Telephone 021 707 0490

BSG International**Improved trend so far for Dunlop**

SIR REAY GEDDES, chairman of Dunlop, told the annual meeting on September 30, 1975. The net asset value per share is given as 25p (45p). It had shown an improvement as a whole over the early months of last year. But the level of trade and profitability in the second half of 1975 had already accelerated, the chairman warned, and as a result he could not be sure that there would be a similar improvement in the remainder of 1976.

On the question of dividends, the chairman said that the 1975 results permitted some start to be made towards recovering the dividend cut in 1972 and towards making up for effects of inflation on share holders' dividends.

The 10 cents increase for 1975 is the normal statutory maximum, "although it would have been permissible for us to go further." But the Board concluded that in difficult and uncertain business conditions sustained progress should be the overriding objective and that the interest of the shareholders will be best served by this.

Increase at Anglo Scottish

Anglo Scottish Investment Trust reports gross revenue down from £618,205 to £394,463 for the half year to March 31, 1976, but net revenue increased from £272,205 to £350,708 before tax of £131,687.

The unchanged 0.6125p net dividend, announced on April 18, 1975, was commensurate with £174,724. Last year's total payment was 1.4p paid from revenue after tax of £426,643. Total net assets stood at stock by failing to pay the interest of 11 per cent, unsecured loan of £22,34m. At March 31 compared on the stock.

It was announced on March 4, 1976, that discussions were taking place between the Board of Grindon, the Alliance Assurance Company as trustees for the holders of the 11 per cent stock 1978-81 and Grindon's principal banker Keyser Ullmann to consider the possible redemption of the stock.

Since these discussions between Grindon, Keyser Ullmann and certain holders of the stock concerning terms for redemption have been held and are continuing. The company says it expects to make a further announcement within the next seven days.

Downturn at Sumrie Clothes

Profits before tax of Sumrie Clothes were down £223,000 to £109,000 in the 33 weeks ended April 3, 1976. In the first 26 weeks, profits had fallen to £10,000 from £16,000.

At the question of dividends, the chairman said that the 1975 results permitted some start to be made towards recovering the dividend cut in 1972 and towards making up for effects of inflation on share holders' dividends.

The year's profit is struck after interest of £50,000 (£41,000) but before tax of £34,000 against £148,000. Turnover amounted to £19.5m, rising 4.5%.

The directors say that sales deliveries in the current year to date are down on those during the same period last year and with a curtailed forward order situation prevailing, they are of the opinion that the severity of the present trading recession will continue at least until the end of the calendar year.

Grendon Trust, the property bricks and printing machinery group, which came under the management control of Michael Keyser Ullmann in 1974, will today breach the trust deed of its 11 per cent, unsecured loan of £2.3m from stock by failing to pay the interest of 11 per cent, unsecured loan of £2.3m.

At the question of dividends, the chairman said that the 1975 results permitted some start to be made towards recovering the dividend cut in 1972 and towards making up for effects of inflation on share holders' dividends.

The unchanged 0.6125p net dividend, announced on April 18, 1975, was commensurate with £174,724. Last year's total payment was 1.4p paid from revenue after tax of £426,643. Total net assets stood at stock by failing to pay the interest of 11 per cent, unsecured loan of £22,34m. At March 31 compared on the stock.

The year's profit is struck after interest of £50,000 (£41,000) but before tax of £34,000 against £148,000. Turnover amounted to £19.5m, rising 4.5%.

The directors say that sales deliveries in the current year to date are down on those during the same period last year and with a curtailed forward order situation prevailing, they are of the opinion that the severity of the present trading recession will continue at least until the end of the calendar year.

In the directors' opinion, the estimated value of the land and buildings exceeds the balance sheet figure by some £5m.

JPI, in life

**Morgan****Results for the First Quarter 1976 (unaudited)**

	1976 1st Quarter £000's	1975 1st Quarter £000's	1975 Year £000's
Sales to Third Parties	17,280	15,775	64,743
Trading Profit	1,900	1,743	7,788
Profit Before Taxation	1,443	1,092	5,949
Trading Margin	11.0%	11.0%	12.0%
Earnings per 25p Ordinary Share	1.4p	1.3p	7.0p

The Chairman comments:-

World economic recovery is now recognised to be a reality.

Strongly led by the automotive industries, supported by general resurgence in the United States and a noticeable upturn in the demand for our services to the iron and steel industries, we believe that the present sluggishness of the West European, Japanese, and Australian economies cannot persist for many more months.

Markets served by Morgan International Limited are especially strong, South East Asia and Nigeria being prominent.

Our U.K. factories, wherein lies the bulk of our manufacturing activities, enjoy by virtue of their technologies a high conversion value and hence are not, as importers of basic raw materials, vulnerable to the present weakness of Sterling.

Morgan companies, having invested soundly and vigorously in both people and capital assets, can expect progressive improvements in demand to increase profits throughout the remainder of the year.

Shareholders are invited to attend the Annual General Meeting on 24th June. "Spring 76" the Morgan communications film, will be shown at 10.30 that morning at the same venue.

The Morgan Crucible Company Limited

98 PETTY FRANCE, LONDON SW1H 9EG

The whole is greater than the sum of its parts.

CENTRAL & SHEERWOOD

Top left: Producing commercial mudguards at Robert Stockfis Manchester. Top right: A Ransomes & Rapier NCK-Rapier Eiger C110 crawler crane.

Bottom left: Steel fabrication at Newton Chambers Engineering in Sheffield.

Bottom right: Aluminium diecasting at the A. L. Dunn factory at Nuneaton.

Central & Sheerwood is a holding company with industrial interests and financial services. C & S's broadly based industrial activities include the manufacture of mobile cranes, motor components, products for the construction industries and heavy engineering plant. Among its major subsidiaries are Ransomes & Rapier, Newton Chambers, Robert Stockfis and the Dunn Group. The financial services side provides professional skills in all aspects of corporate finance, merger brokerage, insurance, pensions and tax planning with Chesham Amalgamations, Sheerwood Corporate Services and W. G. Hill as the main subsidiaries.

This spread of industrial and service activities enables Central & Sheerwood to continue to advance even when the business climate is unfavourable.

36 Chesham Place, London SW1X 8HE.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Solvay turnover rises, but growth rate to decline

SOLVAY GROUP turnover rose 11 per cent in the first four months of 1976 compared with the corresponding period last year, group chairman Jacques Solvay told the annual meeting.

Increases were recorded in all countries except Switzerland, US, and Brazil, he said.

However, Solvay said if a new boom is about to start, the group is well placed. Investment was maintained last year with virtually no redundancies. Liquid resources have been put into the stock market reaction.

Solvay said in the medium term the group's annual growth rate could be lowered to 3.5 per cent, against five per cent in the five years preceding last year's recession.

He cited the main reasons for this as slower population increases, recycling, more durable products, and industrialisation of developing countries.

Losses

The chairman expressed concern over the group's activities in Belgium, which made a loss of BEfrs 500m. last year.

He said operating costs were over BEfrs 2.5bn, mostly in wages, although Belgian turnover is only just over 10 per cent of the group.

Solvay said the group wants to strengthen its presence in Belgium by expanding its outdated soda works at Couillet.

However, he said before Solvay invests between B.Frs 4.5bn, it must be assured of guarantees of stricter government inflation control, regular adjustment of selling prices, and permission to expand the Couillet site, which has not yet been given.

He called for tax integration in

Belgium.

Varta splits three ways to improve its growth

BY GUY HAWTIN

FRANKFURT

JUNE 14

DEALINGS IN the shares of the widely-diversified Varta group are suspended on the West German stock exchanges today.

The move accompanied news of plans for a major corporate reorganisation.

It is not entirely clear why the reorganisation itself is not strong since the group was con-

stituted in its present form in 1972.

It is felt that growth

here felt that it was better to pros-

pects will be improved even fur-

ther if the three companies

are allowed to operate indepen-

dently.

The Varta management is to

put an outline of its proposals

for the group's annual meeting on July 29 when shareholders will be asked to approve a reduction

of DM1.06bn. of the Varta

group's annual

DM1.88bn. present holding concern.

If this is approved, the 1977

annual meeting will be asked to agree to the formation of three separate companies, each with

separate access to the stock

market. The grounds for the

reorganisation is that growth in

each division has been very

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J. H. Koç

A blue chip in Turkey celebrates 50 years.

A sort of case history of 56 companies and the chairman who's been in control from the start.

You may or may not know the name Koç. It is pronounced "coach" which is unusually appropriate because the founder is still in harness after 50 years, and he hand-picked the management team.

Our total consolidated assets have passed \$750 million. If you'd like to know something about each of the 56 companies in the group and how they interlock and the turnover of \$1.25 billion, our 50th Anniversary Report is yours for the asking. But, in brief, here are some pertinent details.

Largest shareholder

In the booming mixed economy of Turkey, the Koç Group is the largest private company; people from all walks of life hold shares in Koç. The largest shareholder, of course, is our founder, Vehbi Koç. Every year the amount he pays in income tax makes headline news.

Almost everything but shipbuilding

What does the Koç Group do? Few companies in the world are so diversified...electric cables and lamps, fruit canning, domestic appliances, computers, radio and tv sets, glass fibre, hospital supplies, furniture, credit cards, central heating, ballpoints, oil and gas, a travel agency, insurance, luxury hotels, textiles, matches, etc., etc.

But more than 50% of our activities are in the 'automotive' sector...everything from cars to motorbikes to farm tractors to earth-moving equipment, plus commercial vehicles, trucks and buses.

Koç, Ford, Fiat, Siemens, General Electric

We have links with many overseas companies: those mentioned above, plus Burroughs, Uniroyal, Mobylette, Honda, etc. The combination is unusual, but it works. We have completely separate organisations within Koç with autonomous management for each. Each is fiercely competitive.

Marketing is our greatest skill

Big as we are in manufacturing, we like to think of ourselves as basically a marketing organisation. We are salesmen, both in Turkey and overseas. We are also retailers.

An important step backward

Koç is now moving into 'backward integration' as a further investment in the country's future. This will cut import costs and assure continuity of supply. New foundries for the casting of automotive engine blocks and agricultural machinery components are underway. And we are leading an investment of approximately \$100 million in Turkey's first speciality steel plant, to service the industry as a whole. Future plans are even more ambitious.

The 16-year-old boy who began it all

Vehbi Koç started in his father's small shop in Ankara at 16. Ten years later, with a small loan from his father, he went out on his own. When Atatürk made Ankara the new capital, Koç added construction materials to his interests. His business grew with each new street that was built.

From the 1930's on, Mr. Koç noted Turkey's growing international trade and became the exclusive agent for many leading US and European companies. After the Second World War, he moved into local manufacturing in line with the nation's drive towards industrialisation.

He pioneered industrial joint ventures in Turkey, with the nation's first electrical lamp factory, built in association with General Electric. Mr. Koç also set up national networks of local marketing companies to distribute his products.

The 60's saw the greatest growth in diversification and employee participation in company stock. This was also the period in which the group launched among many other firsts, Turkey's first passenger car, the Anadol.

In 1968, the Vehbi Koç Foundation was set up. It is devoted to education, medicine and charities.

The team of multi-lingual managers

It had long since ceased to be a one-man show. One of Mr. Koç's greatest skills is his ability to select the best young men to manage his companies. Technology and know-how was in part imported, but the highly sophisticated Koç management of today is home-grown.

Free enterprise in Turkey

Now, of course, with a policy of going public with each new enterprise, the Koç Group is pre-eminent in the private sector of the economy. And the Koç Holding Company has a long range corporate planning department which co-ordinates group operations with Turkey's 5-Year Development Plans.

Future growth

What of the future? The Turkish market will grow and grow and grow, and for many many years, it will still be difficult for production to keep pace with demand. The need for capital, both domestic and foreign, is enormous.

In a Western-style mixed economy such as Turkey's, no company is better placed than the Koç Group of today. It is now an 'institution'. The man who founded it 50 years ago, and introduced Western business methods into Turkey, controls it all by memo. The flood of ideas for new ventures, new stock issues, new export opportunities seems endless. Each memo is in Turkish, the only language Mr. Koç speaks. The vision is Turkish too...indeed, in personality the man and the country are almost one.

To the 'Coach'

All of us who make up the Koç Group salute his, and the nation's, most recent (and unprecedented) 50 years.

The Koç Group in Turkey

The nation's largest private business

• 50 years old • 56 companies • Total consolidated assets: \$750 million • 1975 turnover: \$1.25 billion.
and the founder is still chairman



Our 50th Anniversary Report explains the many activities of the 56 companies in the Koç Group and how they interlock. For your copy, please write to Rahmi M. Koç, President and Chairman of the Executive Committee, Koç Holding A.S., Fındıklı, İstanbul, Turkey.

FINANCIAL TIMES SURVEY

Tuesday, June 15 1976

Rates on the low side

MARINE AND AVIATION are the main classes of really international insurance business. The London market has a significant share of all the business and almost certainly exerted an influence much greater than its proportion of business written—whether direct or as reinsurance.

Some years ago both classes of business were profitable. Aviation insurers making particularly good profits. This resulted in the classic insurance situation of an expansion of capacity as insurers in different parts of the world decided to write these classes of business in one way or another. It appears as though these underwriters were charged with writing premium income at least any cost.

Once capacity had expanded competition for risks—particularly those not requiring the safety of the whole market—became much keener. This led to sharp reductions in premium rates—just when, because of regulation, they should have been rising.

Hiking

It looked as though some of the "cut price" insurers in different parts of the world were thinking chiefly in terms of writing business to generate premium income, hoping that it could be invested profitably before having to be paid out in claims. Some years can often pass between a casualty and a claim having to be met.

The situation in which underwriters find themselves has been brought about by competition, rather than by large and unexpected losses. The position for marine underwriters in 1975 would have been worse but for a remarkable lack of major housed in the port area.

Often, too, it is particularly noticeable that the hull side of marine insurance—apart from, of course, general losses. Often, too, it is convenient for shipowners to wait until a convenient moment, and this may be some causation. This year, however,

often take years to settle, and thus there may be some opportunity for investing premiums to advantage.

All the indications are that many of the newcomers to both marine and aviation insurance will find that their underwriting losses exceed their investment profits. Already there have been some withdrawals from the market, and more can be expected as underwriting losses show up in the books.

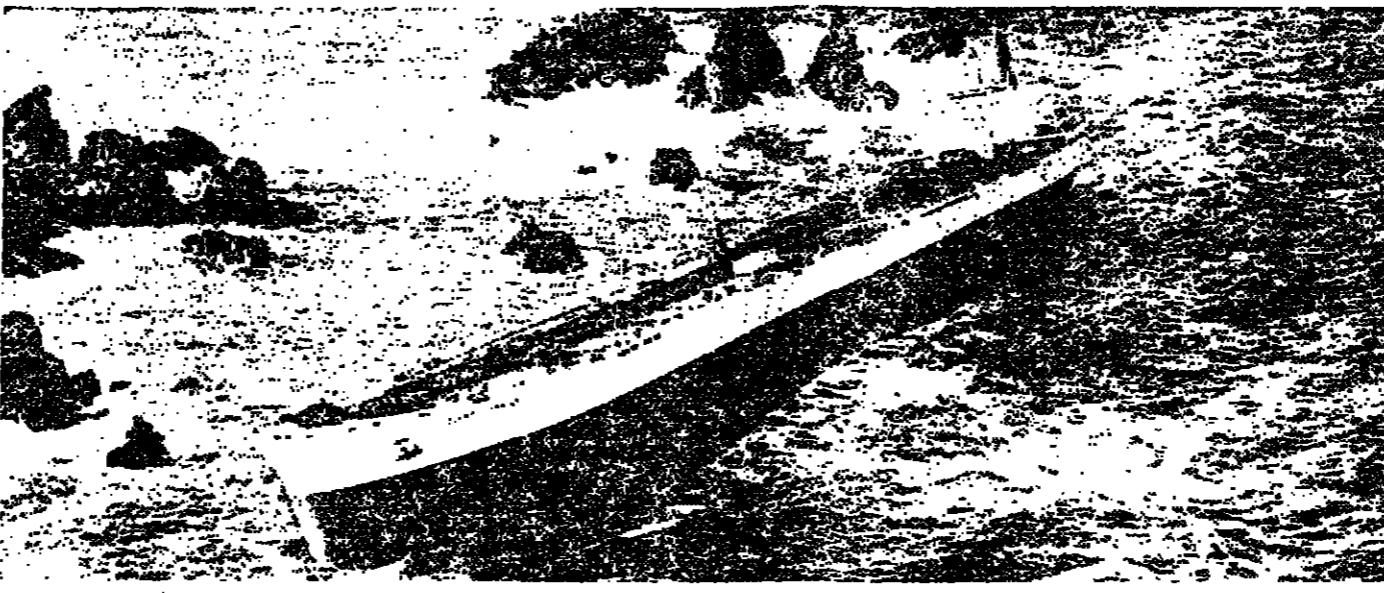
At one stage it was felt that, because there had been such sharp falls in premium rates, the wheel would turn full circle in a shorter period than the customary ten years or so. Surprisingly, however, there has been comparatively little upturn in premium rates for marine hulls or aviation hulls—although there have been some increase for aviation liability insurances.

In practical terms this means that for many insurers both marine and aviation accounts are likely to show underwriting losses for 1976. In other words, shipowners and aircraft operators, as a generalisation, are obtaining insurance cover at less than "cost price".

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Often, too, it is convenient for shipowners to wait until a convenient moment, and this may be some causation. This year, however,

Expansion of underwriting capacity in the marine and aviation fields has led to some unrealistic rate-cutting. Here JOHN GASELEE discusses trends in the world market, and the chances of more settled conditions.



The tanker Olympic Bravery hard aground on the Ushant rocks on the north-west coast of France earlier this year—the biggest marine loss on record.

followed by the loss of the good, with the wide-bodied jet this is unlikely to be sustained. Underwriters feel that the slide in marine losses so far. It is ironic that this state of affairs, that tankers should be causing. There was also an improving trend in the non-scheduled such heavy losses when so many tankers in the non-scheduled a great deal of scope for major improvements in safety records, to refuse to write certain risks.

Cargo insurers have had to contend with the flooding of the port of Hamburg after the severe storms in the North Sea at the beginning of the year. Very heavy claims have resulted from the damage to cargo rates in the aviation market are

That was encouraging from the liability point of view, but hull insurers suffered heavily—in connection with both total and partial losses. All the indications are that current hull rates in the aviation market are too low. Experience in the past has shown that, while there is a continuing interest in fleets which, while from the Joint Hull Committee, probably uneconomic at present, There are plenty of under-

writers who feel that the slide in marine losses so far. It is ironic that this state of affairs, that tankers should be causing. There was also an improving trend in the non-scheduled such heavy losses when so many tankers in the non-scheduled a great deal of scope for major improvements in safety records, to refuse to write certain risks.

Underwriters in both the marine and aviation markets know that many of the risks being offered to them are rated too cheaply.

There are two schools of thought about the action which should be taken. The issue came to a head in the marine market

That, however, is not a universal view. There are some who take the view that it is

earlier this year when a number of marine underwriters resigned

from the Joint Hull Committee, probably uneconomic at present.

There are plenty of under-

writers feel that once the business leaves them, there is no guarantee it will return, particularly in view of the substantial capacity of the world market.

Benefited

While it can be argued that London is a market, with each underwriter entitled to his own view, the fact remains that competition is not so intense for individual underwriters in the liability insurance—such as the London market have benefited liability of the operators, especially from the fact that on most occasions there has been a significant amount of cohesion in one writing this class of the market, thus allowing it to maintain stability and act virtually as a single entity on questions of major importance. It can be argued that it is difficult for the London market to be met in the future. This is a whole to criticise overseas as an area where, as a generalisation, probably the London market will write a larger proportion of the overall London market who, themselves, are quite prepared to the hulls of a major airline.

It should not be thought that all is gloom and despondency will be an accumulation of risk within the marine and aviation insurance markets. The London hull policy and the possibility of heavy claims under the liability policy of the operator is being maintained. For instance, the London market has been the pioneer in the field of air protection up to, say \$250m. in connection with exploration for and \$300m. and a major aircraft production of oil and gas. In the early days of this insurance it was the London market to \$300m. or \$400m.

Insuring a 10,000 mile ocean trip for a \$30m oil rig

Problem solved by C.E. Heath

Global Transportation Organisation, a joint venture company of Crowley Maritime Corp., Genstar Ltd. and Federal Commerce and Navigation Ltd. are involved in the international transportation of giant oil rigs. These operations involve submerging an ocean-going barge, floating on to it an oil rig which could measure 250 feet by 200 feet, refloating the barge and then towing it upwards of 10,000 miles across the world at speeds of up to 10 knots. The voyage can last

for over two months but this type of operation is now being accepted as one of the most efficient and safe methods of moving jack-up oil rigs around the globe.

The problems of insuring such an unusual venture, where the insured value can exceed \$30m were solved by C E Heath. We were chosen to handle the insurance not only because we could meet the client's requirements for a competitive rate, but also because of our proven world-wide insurance and claims expertise.

We can provide you with the same kind of service. We suggest you get in touch with us.

C.E. Heath & Co. Ltd.

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Tel: 01-488 2488

Banksy House, 107/112 Leadenhall Street, London EC3A 4AJ

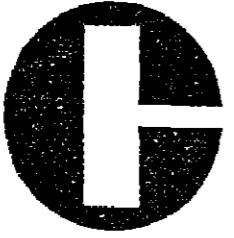
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MARINE AND AVIATION INSURANCE II



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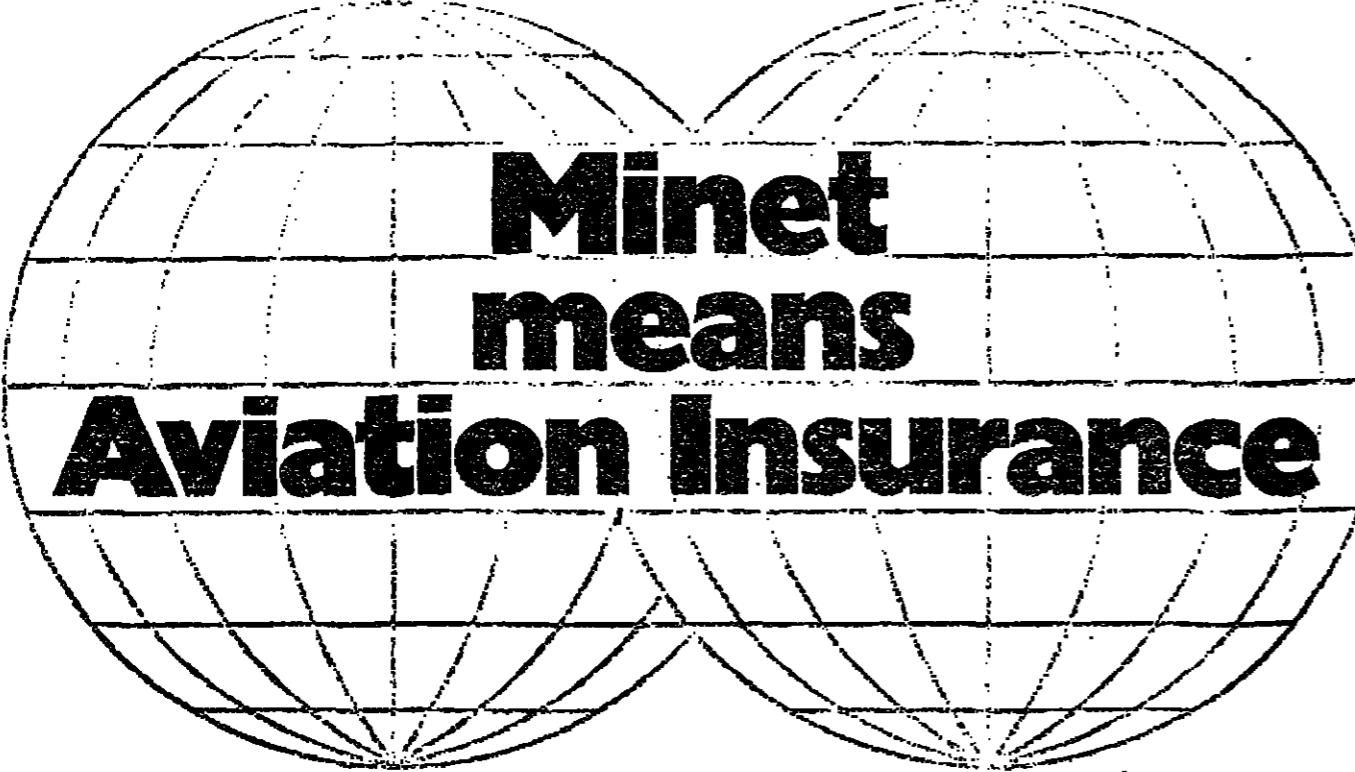
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The first ever Award made in the field of insurance broking services

Competition impairs cargo account

SINCE SOME individual cargo there is a prolonged delay. values are relatively low, cargo giving underwriters the right business is spread more evenly to charge an additional premium throughout the world, with the period of delay in London market having a significant smaller proportion of discharge exceeds 60 days.

In some cases port congestion has resulted in new routes being opened up for cargo. These include the overland route to Iran and the Gulf, and the use of the Trans-Siberian railway for shipments to the Far East. More recently a trans-Saharan route to Nigeria has been used. Inevitably, good organisation plays an important part in achieving successful delivery of cargo by road along some of the newer routes.

There has been a general deterioration in the state of the cargo account because of increased competition, inflation, and economic and political pressures generally in various parts of the world. The world recession in trade has naturally hit underwriters in terms of overall business. Rating levels have also been too low. Competition has been the usual cause, with underwriting considerations being ignored as underwriters have tried to obtain an increase in their cargo portfolio. Although in theory cargo underwriters are not so exposed to inflation as others, since premiums should increase in line with sums insured, inflation has resulted in higher labour and repair costs and heavier inspection charges and fees on the claims side.

Exposures

Higher commodity prices have brought increases in cargo premiums. There have also been substantial increases in underwriters' exposures. Over the past few years, in rating cargo insurance — partly because total loss experience had been quite good — underwriters have tended to overlook the "catastrophe" potential. It stands to reason, however, that if a cargo account is to be profitable, reserves must be built up for the catastrophes which sooner or later are bound to occur.

At the beginning of the year, after severe storms in the North Sea, the port of Hamburg was inundated, and some estimates suggested that the damage to cargo warehoused in the port area could cost millions of dollars.

Congestion in various ports throughout the world, also, has resulted in accumulations of risk with the normal voyage period often being extended by many months because of delay in discharging at the port of destination, or diversion to the nearest "safe" port. This has resulted in underwriters being on risk for very much longer periods than expected at the outset. Since underwriters feel they are entitled to more premium for the additional risks involved, a clause has been introduced for use in those areas where

insurers might not necessarily be available to meet their losses. Basically, however, once war risks insurance has been arranged no subsequent change can be made by underwriters, and whatever rate of premium has been fixed will apply for the whole voyage.

Normally, if a vessel is sailing to an area of particular danger, a premium rate will not be quoted more than seven days in advance of sailing. Even so, underwriters are faced with the problem that vessel may not reach particular area for, say, a month after sailing. In some cases, therefore, cargoes reaching potentially dangerous areas may have attracted relatively low premiums.

Aspect

Another aspect which is not always appreciated is that a vessel with cargo for a non-hazardous area may very well call at ports in a hazardous area on the way. In the normal course of events, no extra premium would be charged in respect of the interest bound for the non-hazardous area.

Underwriters interested in war risks insurances have stressed in the past that they depend to a great extent on information from others. This is an area where shippers can be helpful. Information from one shipper or broker can often be very useful to underwriters in determining an equitable rate for business which may be quite unrelated.

Underwriters are usually anxious to develop arrangements where up-to-date information is passed to them. They stress that the more relevant and up-to-date the information which they have

at any time, the less doubt there will be in their minds—and thus that this is a sensible basis for insurance. Underwriters, however, must allow when the custodian of the risks insurance has been arranged to be fully responsible.

The freedom of cargo ship them. Underwriters, however, to insure as they wish is feel that those who put it being threatened in different such ideas fail to see ways. Some years ago it was economic

suggested that all containerised cargo should be compulsorily to protect themselves carried under insured bills of lading. The larger shippers were a question of whether it did not materialise. Now in packages or containers, some cases this facility is available on an optional basis.

In some parts of the world, vessel government legislation is compelling shippers to place business with national companies, or within national markets. The cargo insurance market is also concerned about the proposed international convention on the carriage of Goods by Sea and Multimodal Transport.

Not long ago Mr. A. E. Mann, chairman of the Institute of London Underwriters, pointed out that the draft convention on the Carriage of Goods by Sea places upon the shipowner liability for all loss, damage or

Naturally, there would be a significant increase in the of liability protection or within national markets. The cargo insurance market is also concerned about the proposed international convention on the carriage of Goods by Sea and Multimodal Transport.

Shippers, however, still need cargo insurance to protect themselves. The shipowner could put his charge. His only defence to liability would be that he had taken all measures that could reasonably be required to safeguard the goods — or, in the case of loss by fire, the onus would be upon the claimant to prove that the loss by fire was due to the shipowner's negligence.

The deletion of the present exemptions in the Hague Rules reduced to compensate for the higher cost of liability — nautical fault and fire, perils etc. — would shift the risk bearing of cargo insurance to handling business would be restricted cover.

Difficult conditions in hull market

THE HULL insurance market is in a difficult situation world-wide. Inflation has increased repair costs, the tall in

stering has resulted in certain problems for underwriters when settling claims (but not as great as might be imagined, since so much hull business is written in dollars), and shipowners are taking the worst recession for many years.

Earlier this year the retiring

chairman of the Institute of London Underwriters, Mr. E. D. Rainbow (who is now chairman of the Joint Hull Committee), said that during 1975 underwriters had done little more than "tread water" in bringing premium rates up to realistic levels. He thought that across the board the market as a whole would like around 15 per cent. more in premium, stressing that he was talking of an average figure. Some feels, he felt, were paying the right premiums, but the same could not be said for others.

After the sharp downturn in hull rating, the upturn has not come as quickly as some had hoped. Experienced hull underwriters in Britain and in many other countries know that many of the rates at which fleets are currently being written will prove uneconomic. Nevertheless these underwriters, in common with those with less experience, quite often are prepared to write the business. The insurance market as a whole cannot hope to increase rates significantly while a substantial part of the market (for varying reasons) is prepared to write the business at what are almost certain loss-making rates. Only when there is contraction rapidly for risks at "uneconomic" rates is there any prospect of an increase in premiums.

At the annual general meeting of the Institute Mr. Rainbow referred to the growth of competition from other international centres trying to follow in London's footsteps. "Such centres," he said, "have a right so to do, but implicit in this tendency is a very dangerous fragmentation of capacity that is a contributory factor in the current unprofitable situation."

Mr. Rainbow pointed out that

many companies established in

a number of different countries

underwriting agencies with the

authority to accept foreign

business at whatever rate is

thought appropriate by the

agent in question. "It may be

much lower than the rate that

would be obtainable by that

company's London underwriter

but for the intervention from

elsewhere."

Pointing out that those in the

London market do not claim ex-

clusivity for London as an inter-

national centre for marine

may write a risk at a low busi-

nessed whether there will be Oliver, a leading underwriter, any hope of an underwriting Lloyd's said. "The profit in a world which contains havoc wreaked by an un-

many such underwriting vessel owned by a facile, companies continue to seek a crowded anchorage co-

several shares of the inter-

national cake by involvement on a piecemeal basis in different

places.

While they are laid

while navigating, rather

while they are laid

and congested a

Another problem for writers in trying to affect underwriters in a num-

ber of ways. Already there has

been a significant reduction in

premium income as a result of

the lay-up of so many vessels,

\$125m. or more. For som-

notably tankers, in different to come the numbers of

parts of the world—with some vessels are likely to be

understandably safer than others. In theory writers do not favour a

spread of really high

vessels. With the very

Crude Carriers, under

were lucky in that, from a small number

outset, numbers soon began to acceptable figures from

underwriting point of view.

Apart from the con-

over which underwriters no control, probably most

like to see more cohesive

the world hull insurance

market. Nevertheless they

first to admit that comp-

is what free enterprise

about. Frustrating as

be on a day-to-day basis

particularly when more

concerned about this, bearing in mind that in heavily congested areas some vessels may not be almost certainly be dis-

insured at all, or are possibly that is part of the price

in a market which is enterprise. In the long

not concerned with any form of both owners and under-

lay-up precautions. Mr. J. A. would be poorer without

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nt

The Financial Times Tuesday June 15 1976

MARINE AND AVIATION INSURANCE III

Substantial role for brokers

SUBSTANTIAL part of the market has been receiving a interest — naturally, at a substantial premium. Lloyd's proportion was so much, insurance in respect of smaller share of the total insur- over looks the fact that there are not the may be substantial reinsurance and aviation risks, and since under than in the past. Sometimes it happens that same opportunities, but the the reinsurance, are more competitive terms are disappearance of the Berge force, thus reducing the net loss.

ed by insurance brokers, writers at Lloyd's write available elsewhere, but without Ists provided an opportunity

ness only, to Lloyd's the same security which for this form of reinsurance for

Companies write sub- London market can offer. Thus a few days, in addition, there

total volumes of business to reduction in the order for may be cases where a salvage

brokers on a similar London has meant that some of tug has a vessel in tow, but

the marine losses which have made headlines in recent

months have not hit the London market quite as hard as would

have been the case if London had written the same proportion

of the business as in the past.

Call him if it's a question of reinsurance

— and you'll find him knowledgeable and inventive.

What makes this man* invaluable when you're involved in a marine risk?

Answer: His skills and service as a member of the team from Alexander Howden & Swann.

AH&S have been leaders and innovators in the field of marine insurance since 1823—and no matter what your problem, they can help you solve it more efficiently, economically and quickly.

Call the man from Alexander Howden & Swann to discuss any kind of marine risk — hull or cargo, however specialised.

Call him if it's a question of reinsurance — and you'll find him knowledgeable and inventive.

Call him for a preliminary discussion

on how your insurance or reinsurance could be arranged better in the future.

No matter where in the world you are, he can help you.

And he's at your service.



Alexander Howden & Swann
The man from AH&S. He's on your side.

Bankside House, 107-112 Leadenhall Street,
London EC3A 4AL. Telephone: 01-285 5444.



Sophisticated

The substantial capacity provided for large risks, in both the marine and aviation markets, is available only because it seems to be a subsidiary of a ship company, it will almost always deal regularly with Some brokers handle both business and reinsurance, whereas others virtually specialise in the aviation market, which aim to diversify in a particular area, forms of reinsurance are available, ranging from a treaty where part of the original business written is reinsurance. British brokers have the overriding commission arrangement that London is being earned by the original insurer, the individual arrangements in respect of particular risk—not only because of fleets, where an underwriter with long experience, expertise may decide to reinsure against the total loss of all or some of the vessels in a fleet, subject to the agreement of the underwriters. Among the somewhat unusual forms of reinsurance, there is what is popularly known as the "overdue market". While comparatively little business is written these days, it used to be quite a flourishing market with the rest of the risk ships at sea were primitive, to the point of being insured on a direct interest in a vessel which was of one kind or another, overdue (and thus which might after a significant loss, it is for some total losses where in the past few months, for have become a total loss) could be marine fleets, the London reinsurance all or part of their

Aircraft premiums down

SOME airline operators, about 600 are wide-bodied. One surance, there is the great some of the insurers throughout a time of rapid inflation, effect of this is that, in the case advantage that unlike liability out the world which a few years insurance premiums, on the of jet-hull values, aircraft insurance, it is not greatly affected by inflation, and in the hope of earning substantial profits may have to account for around 40 per cent. of aggregate insured values.

When the wide-bodied jets were first introduced, being a new type of aircraft with high insured values, they were specially rated until they had proved themselves as safe aircraft. Experience with these aircraft in the early years was very satisfactory, with the result that premium rates started to fall sharply, and these aircraft are now insured at normal rates. In the same way, a special rating has been applied on the hull insurance of Concorde. If all goes well this should be removed in time. British Airways has arranged insurance for its Concorde on an agreed value basis for £21m. Only a proportion of the risk, however, is covered under the main fleet policy (which includes about 200 aircraft of a variety of types). A separate policy on the same terms has been arranged for the balance of the sum insured. Naturally, there is a substantial excess in the insurance. This is higher than for other aircraft in the fleet, as the excess is related to value. Cover for war risks, etc., is arranged by British Airways for Concorde and other aircraft, earned not necessarily every year, but taken over a period.

Although aviation hull year, but taken over a period, underwriting profit is likely to be made from securing this type "catastrophe" type of insurance for very much longer, of business.

Encourages

The real problem in the market at the moment is that good underwriting experience over a few years encourages more insurers to enter the market. This has resulted in overcapacity, with intense competition among underwriters not to lose business. As a result, premium rates have tended to be reduced quite sharply—in many cases out of proportion to any improvement in the risk which might have taken place.

Airline operators have been enjoying relatively cheap insurance over the past few years—at of course the expense of underwriters. That situation cannot continue indefinitely, since for a healthy insurance market to exist, reasonable underwriting profits must be made from domestic business to air taxi operators.

While in general the loss

experience for executive aircraft is quite favourable from the underwriting point of view,

there is little if any money to be made from some light aircraft.

There are very few light aircraft in Britain, compared with, say, the U.S. and many other countries. In the main

British insurers are happy to leave this business to domestic

insurers, feeling that little

is gained by competing with them.

Underwriting profit is likely to be made from securing this type

"catastrophe" type of insurance for very much longer, of business.

Air liability

THE CRASH of the DC10 owned by Turkish Airlines outside Paris in March 1974 resulted in 346 deaths. The resulting claims for compensation have highlighted the liability insurances which are necessary. In that particular case, the airline, the manufacturer and the component manufacturers agreed apportionment of blame among themselves, so that compensation awarded is being divided between them in agreed proportion.

Clearly, in the event of a passenger being killed or seriously injured while on board an aircraft, a claim can be made in the first place against the operator. Even this, however, is something of a jumble. While the spread of risk is quite possible for five people to be exposed to catastrophic losses. Many casualties are total losses or very severe partial losses. An added factor is that underwriters should not rely on good fortune continuing in future.

One of the features of aviation insurance, and hull insurance in particular, is that a passenger being killed or seriously injured while on board an aircraft, a claim can be made in the first place against the operator. Even this, however, is something of a jumble. While the spread of risk is quite possible for five people to be exposed to catastrophic losses. Many casualties are

CONTINUED ON NEXT PAGE

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MARINE AND AVIATION INSURANCE IV

Mutual protection clubs

P AND I clubs, as they are with Japanese tonnage, form an important sector in the U.S. but it is not covered in the hull and cargo's contribution to general liability in the marine insurance market. Basically, they insure shipowners' liabilities on a mutual basis. It has been suggested that the only shipowners who can dispense with P and I cover are the very rich and the completely bankrupt. There are about 14 or 15 clubs of significant size for international ocean-going tonnage, leaving out the smaller clubs dealing only with coasters, etc.

Nearly all the international clubs are based in or have strong connections with Britain. Many started in the North East of England, and one in the West, Norway has two large clubs, and there are clubs in Japan—although these are concerned

with U.S. tonnage. As a generalisation, rather more than 80 per cent. of the world-wide fleet of shipping is entered with the clubs. Each club is entirely controlled by its members, who are simply the shipowners insured with it.

They elect a Board of directors among themselves to supervise the managers. The latter may be a professional partnership working for a fixed commission on entries, perhaps based on gratuity, customs, and other fines to which the shipowner is undertook the unusual responsibility of exposing the negligence of master and crew. This section also covers the risk of a ship-

liabilities owner not being able to collect damage and salvage as a result of a breach of the contract of carriage. For instance, cargo interests may refuse to pay on the grounds that the vessel was unseaworthy.

Removal of wreck can be

important, and the actual re-

accept the terms offered, irre-

moveal can be achieved in dif-

ferent ways. Not long ago, one

British club successfully com-

pleted at Palermo a particularly

complicated and dangerous

vessel, from tugs to whale

wreck removal operation. For factory ships and cruise liners,

P and I clubs offer much

more than mutual insurance.

To "smooth" this liability,

the group of clubs in turn re-

insures on an excess basis.

fluctuation in the total liability

to calls from one year to the

next.

Although some clubs accept

only certain classes of vessel, a

number are open to virtually all

types of vessel.

Nevertheless, even with that

protection, an individual claim

of catastrophic proportions

could cause an appreciable

fluctuation in the total liability

to calls from one year to the

next.

The clubs have two separate

methods of arranging excess

reinsurance. Most of the prominent ones pool claims, among themselves which are in excess of a certain agreed figure.

Those that have secured an

allowance for the recoveries

which it has secured under its

reinsurance arrangements.

When a club assesses the "calls" to be paid by an individual shipowner, this reinsurance of pollution insurance has to be taken into account. Despite a shipowner's underwriters have to record, the "call" which is that, should there be a charge must not fall below the overall cost. First

may be a fairly substantial claim; secondly, there no cargo claim. Should

casually be a collision, the sels will be involved; in

the insurance market as will have an interest

in loss of life and of

wreck claims to be made clubs—some of which fall back on their re-

Those are possible whi

which a pollution claim be added.

P and I clubs give pollution

cover. In Britain, under the Merchant Shipping (Oil Pollution) Act 1971 (as amended by section 8 of the Merchant Shipping Act 1974), a ship, wherever registered, carrying in bulk, as cargo, more than 2,000 tons of persistent oil is not permitted

to enter or leave a port in the U.K. or a terminal in the territorial sea of the U.K., or if the ship is registered in the U.K., a port in any other country or territorial sea without a certificate, that the required insurance for other hull clubs (which, of course, security) exists. P and I clubs quite different from those that provide evidence of insurance clubs. Sometimes the Department of Trade only to certain classes of

can issue certificates.

It is impossible to envisage every circumstance in which "spread" of risk with

pollution may arise. So far, however, experience has shown that

casualties from which pollution

mainly stems are groundings, collisions, and, to a lesser extent, explosions, fires and mis-

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FARMING AND RAW MATERIALS

Cocoa falls after early advance

By Our Commodities Staff

COA PRICES ended well on the day's highs yesterday as a result of the reported Bank of England plan for limiting commodity speculation. Sentiment was fairly strong in the morning following the absorption of significant hedge selling week and with chartist buy encouraging the rise. September cocoa climbed to £1,206 a tonne at one stage before closing 75 up on the day at £1,194.5 a tonne.

Sellers said there was no real fundamental news affecting the market and added that currency odds did not seem to be in anyone's favour.

The Bank's spokesman said there was no question of "intervention" in the commodity markets. They were following the same policy, agreed some time ago, of keeping a more watchful eye on what was going on and helping the markets to regulate themselves by notifying them on possible undesirable developments.

The recent move by the London Metal Exchange to suspend non-trade business in zinc in accordance with the Bank of England's self-regulatory principle.

Uneasiness

At the same time, it was stressed that the suggested speculative trading ceiling of 30 to 35 per cent was simply not true, since circumstances varied considerably according to individual markets and it would be impractical to fix a figure of a significant factor.

It was not thought to have been the "Ghana Cocoa Marketing Board announced purchases of mid-march cocoa for the week ended June 10—the first week of the season—were estimated at 1,000.

Wool 'floor' price warning

BASLE, June 14.

INTERNATIONAL Wool Textile Organization (IWT) has issued Australia of the danger of raising the floor price for wool more than a symbolic figure would be a serious barrier to recovery in all wool manufacturing sectors, unanimously adopted resolution at the end of the IWT's annual conference here.

Delegates of wool products are still from satisfactory, even though current higher raw wool are not being fully felt.

The floor price should be used as an insurance system against a fall in the cost of the system, which bears market forces—the solution said.

Earlier delegates were told of a plan for a more flexible production policy for wool, put forward by Gerald Laxer, the new managing director of the International Wool Secretariat (IWS), said that the woollen and continue to be the corner-stone of IWT's marketing strategy.

A wider use of the "blend" mark—used on fabrics containing some 50 per cent of a fibre—was envisaged.

Bank denies plan to curb commodity market trading

By JOHN EDWARDS, COMMODITIES EDITOR

THERE HAS been no change in the Bank of England's system of monitoring the London commodity futures markets, a spokesman emphasised yesterday. He was commenting on a Press agency report which caused some consternation among commodity traders, claiming that the Bank of England would intend to act as a commodity market if it believed speculative transactions had reached a level of 30 to 35 per cent of total dealing.

The Bank's spokesman said there was no question of "intervention" in the commodity markets in any way. They were following the same policy, agreed some time ago, of keeping a more watchful eye on what was going on and helping the markets to regulate themselves by notifying them on possible undesirable developments.

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The floor price should be used as an insurance system against a fall in the cost of the system, which bears market forces—the solution said.

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Uneasiness

At the same time, it was stressed that the suggested speculative trading ceiling of 30 to 35 per cent was simply not true, since circumstances varied considerably according to individual markets and it would be impractical to fix a figure of a significant factor.

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STOCK EXCHANGE REPORT

Late mark-down on disappointing May trade figures Index 0.6 easier at 378.1, after 382.8—Golds quiet

Account Dealing Dates

Options
First Declarer Last Account dealings Cons. dealings day Jun. 1 Jun. 10 Jun. 11 Jun. 22 Jun. 14 Jun. 24 Jun. 25 Jun. 5 Jun. 28 Jun. 9 Jun. 9 Jul. 20

"New time" dealings may take place from 9.30 a.m. two business days earlier.

The two main sectors of stock markets, British Funds and Equities, registered marked disappointment with the May trade figures yesterday. After opening a little firmer in response to Mr. Harold Lever's forecast of a cut in the balance of payments deficit to £1bn. in the current year and then to £1.25bn. in 1977, British Funds closed lower, British Funds were lowered in the late dealings before occasional bear covering 1.1% of quotations with falls ranging to 1% on balance. The Government Securities index gave up 0.2% to 32.23 after last week's rise of 1.1%.

It was a similar story in the equity leaders, where earlier gains of 3 or 4% were more than erased in places in the "after-hours" trade. Up 4 points at 3 p.m., the FT-Actuaries index gave up 0.6% to 378.1. As with Gilts, the late session mainly reflected defensive marking down and little stock came on offer. However, buying activity on the way up earlier in the day was also minimal, and the overall trading conditions still left a lot to be desired: only 1.1% markings of 4,682 compared with 2.1% last Friday and 3.4% the day before.

In contrast, all going predominantly up, general issues as well as 12.2% majority of firms fell in FT-Actuaries and Industrial and other areas of 1 per cent to 1.7% in the FT-Actuaries All-Share Index.

Gilts react

The predictions about this year's trade gap were cause for a

firm opening in Gilt-edged, but the tendency soon became a shade reactionary in the absence of worthwhile demand and distinctly dull after announcement of the May Trade figures. The longs which had earlier witnessed an encouraging debut to the long lap, Exchequer 1.3% per cent, 13% were taken 1.1% to 1.2% and subsequently required 1% on bear closing to end 1 down on the day.

Similar losses were sustained by several shorts, the "laps," Treasury 0.8% per cent, 1981, losing that much to 9.3%. Other economic pointers such as the May wholesale prices indices were overshadowed.

Sterling's late easier trend checked a downturn in the investment currency premium and the closing rate was only 3% lower at 1.1% per cent, after 1.1% per cent. Yesterday's SE conversion factor was 0.6732 (0.6703).

Banks ease late

Up to 5 firms at the House close, the big four Banks were marked lower on the trade hours. Midland closed 2% off at 238p, after 232p, while Lloyds' closing figure of 215p, after 213p, was marked 1.1% to 1.2%.

Funding issues, featured by Hongkong and Shanghai, which firms 8 to 320p. Among irregular Merchant banks, Darnaway Day edged forward a penny to 15p after favourable Press comment and Slater Walker Securities received with a gain of 2 to 24p as did Keyser Ullmann to 32p. Hamptons, on the other hand, gave up 2 to 16p following adverse Press mention.

Among firm Insurances, Equity and Law stood out with a rise of 3% to 146p, while Legal and General added 6 to 118p as did C. E. Heath to 102p, after 100p. Sedgwick Ferries put on 4 to 25p and Ferries "Royals" hardened 2 to 27p. By way of contrast, Commercial

Results brought about a reaction. Leading Engineers were

of 2 to 33p in USM. AP Cement finally only a touch better. Else-

where, Weyburn were off the top, Trust's purchase of a 14 per cent at 300p, up 8, after 304p; the stake in Westminster and Country Interim results due to-morrow. Proprietary left the latter 2% per cent.

Metropolitan Industries were raised or at 15p, while speculative interest raised Development Securities 1.5 further to 315p. Chubb TCK, 814p, and APV, 275p, gained 3 to 106p in front of tomorrow's results.

Following week-end Press

comment. For a similar reason Triplex

Foundries gained 1 to 624p.

Record Ridgway were 2 better at

50p reflecting the increased first-half profits. L. Gardner continued the recent upturn to 115p at 79p. Lucas Industries also

eased late, but managed to retain

its price rise of 203p after 205p.

Alpine Soft Drinks held a rise of 5 at 128p, and Manne and Garton gained 4

to 165p in front of tomorrow's results.

Dunlop were a firm market in

front of the annual meeting at 82p, but eased back after the

chairman's cautious attitude on

prospects for the current year to

close a penny easier on balance

at 79p. Lucas Industries also

eased late, but managed to retain

its price rise of 203p after 205p.

Garage issues, which rose 2 to 27p.

Associated

Paper weakened on the first-half

loss and halved interim dividend

payment to 25p before rallying

to close a net 3 lower at 27p.

Elsewhere, newspaper mention

of 19 to 165p, and Marshall Cavendish

also followed Branning 1 to 42p sd among

other marginal rises.

Trusts and Financials had little

to command them. Buma "A,"

46p, and "B," 44p, found support

and rose 4 and 3 respectively,

while Jersey External added 5 at

120p.

Shipments closed irregularly

after a small trade. Milford

Doyle did well at 63p, up 5, and

John I. Jacobs were wanted at

115p, up 11. Hunting Gibson

however, declined 6 to 138p and

P. O. Deferred reacted late to

close 2, easier at 104p, after

Friday's advance of 11.

Improvements, the miscellaneous

Industrial leaders reacted in the

late afternoon on the trade

figures to finish with small net

losses for choice after thin trad-

ing. Pilkington, still fortified by

the upsurge, second half pro-

gressed to close 2% higher at

335p, after 342p, following last

Friday's advance of 11. Improvements of 4 were still to be seen in

Reckitt and Colman, 350p, and

Metal Box, 288p, sd, after 272p,

and Reed International, 255p, both

closed 3 cheaper, while new de-

clines of 2 were registered in

Unilever, 46p, after 46p, and

Glaxo, 33p, after 40p.

Elsewhere, Argyle Serics improved

at 318p on speculative buying

accompanying a value take-over

talk, while Press International

possibilities 3, firmer at 64p.

Property and Reversionary "A,"

responded to the increased profits

with a rise of 5 to 165p. Also in

firm vein were Dorrington Invest-

ments, 29p, and Peachey Prop-

erty, 31p, with gains of around

2 apiece, and Hong Kong Land,

42p higher at 124p.

US newspaper revelations that

Alaska pipeline difficulties were

worse than those disclosed by

the recent Government inquiry

held British Petroleum in check

at 60p, but Shell rallied after

last week's easiness on "rights"

5 to 6%. The interior results are

due on Thursday. British Cinema

reopened 5 to 50p in reflection of the profits setback, but

Lepp Group responded to the pro-

fits estimate with another rise of

10 to 120p. The chairman's en-

couraging statement with the full

report lifted Brook Street Bureau

4 to 45p, sd, while, in sympathy,

Alfred Marks added 2 at 23p and

Reed Executive 3 at 48p. Bir-

mingham and Midland Counties

were a shade better at 73p, after

74p.

Quiet Mines

Mining share markets began the

day in subdued form, with most

sections drifting in idle trading.

South African Gold shares gen-

erally eased on lack of interest.

Overseas Traders and Westfield

mirrored Golds. Anglo Al-

sofia 10 lower at 310p, and

the Ordinary improving 3 to 30p

in half-year results while a fall

was seen in Transvaal

solidated Land (104), and

London-based issues, RTZ,

225p, of Rhodesia, jumped 10 to 115p in

market.

Platinum declined on

Cape sales. Copper moved

following the rise in the

price with Palabora 20

50p, and Minroc 4 up 4

Australians lacked a

trend owing to close with modest

improvements. Bats ended 3 up

37p, after 37.5p, and Imps

44 higher at 124p.

Elsewhere, "Tanks" in

2 to 148p ex-dividend, des-

lower 1975 results. The

other Exploration group's

shares gained ground on

Canadian buying. Nortura

235p to 260p and Westfield

220p.

Platinum

100p, while further consider-

ation of the

Highs and Lows

S.E. ACTIVITY

1976 Since Compilati-

on

June 14 June 15 June 16 June 17 June 18 June 19 June 20 June 21 June 22 June 23 June 24 June 25

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is given below, with quotations on London, Irish issues, most of which are not daily listed in London, are shown separately and with prices as on the Irish Stock Exchange.

1933			
Any Inv. 20p	18	Hibernia Brew.	93
Spinning -	344	I.O.M. Stun. El.	123
-	42	Holt (Joe) 259	22
Wor. Ext. Sep	23	-	45
Wor. Craft	155	Kleen-e-eze	20
G & Ross El.	30	Lovell's Ship El.	100
Wor. (R.A.)	350	Nitin. Goldsmith	344
G & McHdly	18	P.M.A.	46
Wor. F/T 10p.	64	Pearce (C. H.)	28
red.	23	Peel Mills	14
	12	Port Caledonia	26
	+1	Pratt	10
		Ridgefield	10
		Conv. 9% 30RS	24
		Alliance Gas	54
		Arnold	210
		Carroll (T. J.)	12
		Clelandton	47
		Concrete Prod.	35
		Helton (Hedges)	23
		Ind. Newi.	40
		Ind. Corp.	165
		Irish Distillers	55
		Jewell Bros.	41

LEGAL NOTICES

No. 601925 of 1976
No. 601925 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In
the Matter of D. AND L. NELSON
LIMITED and In the Matter of The
Companies Act, 1948.
NOTICE IS HEREBY GIVEN, that a
Petition for the Winding up of the above-
named Company by the High Court of
Justice was on the 10th day of June
presented to the said Court by THE
DEPARTMENT OF HEALTH AND
SOCIAL SECURITY of State House, High
St, London, WC1, and that the
Petition is directed to be heard
before the Court sitting at the Royal
Courts of Justice, Strand, London, WC2
on 12th day of July, 1976, and any
creditor or contributory of the said
Company, desirous to support or oppose
the making of an Order on the said
Petition may appear at the time of
hearing in person or by his Counsel
for that purpose; and a copy of the Petition
is furnished by the undersigned to
any creditor or contributory of the said
Company requiring such copy on payment
of the regulated charge for the
same.
W. M. Omond.

the same.
M. W. M. OSMOND.
State House,
High Holborn,
London, W.C.1.
NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or firm, the name and address of the firm, and must be signed by the person, or his or their solicitor (if any), must be served or, if posted, must be by post in sufficient time to reach the above-named, not later than

be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of July 1976.

No. 001919 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court. In
the Matter of SURLMEAD LIMITED and
in the Matter of The Companies Act,
1963.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 1st day of June 1878, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, Mark Lane, London, E.C. THE

38-41, Mark Lane, London EC3R THE.
and that the said Plaintiff is directed
to be heard before the Court sitting at
the Royal Courts of Justice, Strand,
London WC2A 2LL, on the 12th day of
July 1976, and any creditor or contribu-

of purpose; and a copy of the same will be furnished by the undersigned, any creditor or contributary of said Company requiring such copy payment of the regulated charge for same.

M. W. M. OSMOND;
State House,
High Holborn,
London, W.C.1.
S.—Any Person who intends to
call on the bearing of the said Petition
a copy of the Petition will be furnished
by the undersigned to any creditor or
contributor of the said Company requir-
ing such copy on payment of the regulated
charge for the same.

on the hearing of the said Petition
serve up, or send by post to, the
defended notice in writing of his
intention so to do. The notice must state
the name and address of the person, or
persons, the name and address of the
King's-Bench House,
88-91, Mark Lane,
London EC3R 7RE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to
attend on the hearing of the said Petition

appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the

COMPANY NOTICE

COMPANY NOTICE

CHILEAN NORTHERN RAILWAY

GOURMET

GALLIPOLIS RESTAURANT, 6 Old Broad Street, EC2, Open daily, 12-2pm, 6-10pm.

• 2000 •

ALLIPO'S RESTAURANT, off Old Broad Street, E.C.2. Open, dinner, day and lunch.

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DRIVERS JONAS

Chartered Surveyors
London · Aberdeen · Milan

FT SHARE INFORMATION SERVICE

CANADIANS

BUILDING INDUSTRY—Continued

DRAPERY AND STORES—Continued

ENGINEERING—Continued

INDUSTRIALS (Miscel.)

* BRITISH FUNDS

High Low

Stock

t + -

Int. Red.

Yield

Funds

Shorts

(Lives up to Five Years)

1975

High Low

Stock

t + -

Int. Red.

Yield

Funds

Treasury 1976

Treasury 1977

Treasury 1978

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**YASUDA
TRUST AND BANKING**
 London Branch: 01-628-5721
 Head Office: Tokyo
MINES—Continued

FAR WEST RAND		High Low		Stock		Price		Div		Net		Cv Grd		PE		High Low		Stock		Price		Div		Net		Cv Grd		PE	
				</td																									



FOR A WORLD THAT NEEDS HELICOPTERS

FINANCIAL TIMES

Tuesday June 15 1976



Plans to trim EEC green currency costs

BY ROBIN REEVES

BRUSSELS, June 14.

MEASURES aimed at cutting the increasing cost of the Common Market's green currency system—which among other things subsidises UK food imports in the face of Sterling devaluations—are under active consideration inside the EEC. Proposals are expected to be tabled formally in the next few weeks.

This as yet undefined threat to Britain's windfall benefit from the workings of the Common Agricultural Policy emerged here to-day as the Commission's preliminary 1976 draft Budget was explained. It envisages a 13 per cent. increase over the expected final 1976 Community Budget.

M. Claude Cheysson, the Brussels Commissioner responsible for the budget, warned that the steep rise in the cost of monetary compensation payments arising mainly from the sharp decline in Sterling and the Lira—were becoming "an insuperable burden to the Community."

The Commission's draft proposes earmarking 1.1ha. units of account (£480m.) out of total 1977 budget of £26bn. units of account (£3.6bn.) towards the cost of these payments, which aim to maintain a unified market in farm products inside the EEC in the face of currency instability. The same sum is expected to be spent this year and a supplementary EEC budget to cover the cost and extra outlay in the dairy sector is due to be tabled shortly.

M. Cheysson pointed out 1977 expenditure on those payments would amount to 12 per cent. of the total budget and some 20 per cent. of common farm expenditure. For them to continue increasing at the present rate, would be "weakening and fatal" needed for commitments for the EEC, he declared. For Britain, on the other hand, the required for actual distribution system represents EEC import subsidies at the rate of £20m. a month as a result of the recent decline in sterling.

An accounting innovation this year will be to present the 1977 budget in the form of credit, effective influence on local authority spending. Ministers are not expected to take a decision on the need for or the form of possible measures to deter overspending by local councils until after July 16.

That is when the results of the re-examination of local budgets for 1976-77, which councils are now making at the Government's request, will be available.

The re-examination was called for after returns sent in by local authorities had shown that they had spent about 1.2 per cent. more in constant price terms last year than had been previously estimated, and that a further over-run of up to £525m., or almost 6 per cent., was in prospect for this year.

Mr. Peter Shore, Environment Secretary, warned council leaders on Sunday that the Government's economic strategy would be imperilled if local spending plans were not cut back to the "stand-still" in real terms which had been agreed with local authority associations in November.

Initial reactions from local authorities suggest that, while

Opposition Whips at noon that he would ask for an emergency debate after the adjournment of Mr. Norman St. John Steve's Conservative Front Bench spokesman on education. After the blunder Conservative Whips tried to play the matter down, and pointed out that Tory MPs were told to be present by 7 p.m. for a debate on the Greater London Council (Moneypenny) Bill.

But there was no doubt of the embarrassment among Conservatives that a serious tactical blunder had been made.

Because of the continuing Parliamentary warfare, six Conservative members of the delegation to the European Parliament at Strasbourg have been kept back at Westminster until today, even though this still means they will miss the Tory closure motion on the EEC.

The defeat meant that the Opposition Whips were made to look extremely foolish for not ensuring enough support and the Labour delegation, in case the opportunity of challenging a Tory ambush in the

Mr. Fred Mulley, Secretary of Commons.

TWA could lose £11m. a year to Concorde

BY LORNE BARLING

TRANSWORLD AIRLINES would lose revenue of about £20m. (about £11.3m.) a year through passenger losses if Concorde became fully operational on the North Atlantic. It was claimed yesterday. Mr. Ed Meyer, president of TWA, said in London that the airline had no plan to buy Concorde.

A division was called to decide whether the debate should be held. This was lost by the Conservatives by 166 votes to 126. Significantly, the United Ulster Unionists again failed to support the Tories.

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The estimated losses for TWA assume operation of both British and French Concordes to New York and Washington. However TWA's overall turnover last year was \$1.3bn. (about £735m.).

Concorde service will also have a detrimental effect on British Airways' and Air France's subsonic services as first class passengers move to supersonic flights. In 1974 British Airways told the department of Trade that it expected to lose upwards of £20m. a year on Concorde flights.

Domestic restraints failed to bring growth—NEDO

BY ADRIAN HAMILTON

POLICIES by governments in the past to increase export growth by restraining domestic demand have failed to produce a "lasting switch" into new investment and growth.

This implicit warning on the current hopes aroused by increased export performance is made today in a study comparing the performance of U.K. and West German manufacturing industry over the period 1954 to 1972 published by the National Economic Development Office.

Despite the devaluation of 1967 and the series of deflationary measures afterwards, the study points out, the share of U.K. output exported increased only slightly between 1968 and 1972.

Instead "there was a sharp fall

in the rate of growth of manufacturing output; a major reduction in the manufacturing labour force; and no significant change in the growth of capital stock."

The study, edited by Mr. M. Parke, is primarily devoted to a detailed comparison of industrial structure, productivity, investment and export performance between the two countries, and is not aimed at providing general conclusions about the causes of the poor relative performance of the U.K. industry are not confined to a few broad performances." Mr. Parke emphasises,

Nor does the study support the view that it is the rate of investment by itself that explains Germany's greater success, although its investment growth has been considerably higher. Instead the study concludes that overall, and in virtually every individual sector, the productivity of both German industrial employment and its capital has been considerably greater than that of Britain's.

The study, which confirms some of NEDO's initial arguments in the creation of a broad rather than selective approach to the industrial strategy emphasising improvements in overall performance rather than concentrating on growth areas, was organised as one of a number of research projects to aid the several groups involved in the "industrialisation" work.

"The U.K. and West German Manufacturing Industry, 1954-1972," NEDO monograph 5, available from the NEDO office, price £4.50.

Similar pattern

In distribution of employment and capital stock, in patterns of exports and in relative weighting of industrial sectors, the two countries are remarkably similar and Germany's record cannot be explained by a greater emphasis on high-productivity industries.

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